





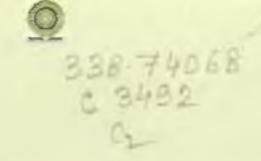
A STUDY OF SOCIAL AUDIT OF CORPORATE BODIES





By

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Suggestions of Prof. Paul Gamer, Dean Emaritus, the University of Albama, External Examiner of the work have been incorporated. The publication has been supported by the University of Calcutta with the assistance of unassigned grant under UGC and the responsibility for the facts stated; opinions expressed or conclusions reached is entirely that of the author.

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"The trouble with the world is that the stupid are cocksure and the intelligent full of doubts"

Bertrand Russel

There is no longer anything to reconcile, if there ever was, between the social conscious and the profit motive. Improving the quality of society—investing in better employees and customers for tomorrow—is nothing more than another step in the evolutionary process of taking a more far sighted view of investment.

Henry Ford II



Dedicated to

Late Prof. Paul Garner,

Late Bistoajit Chakraborty My beloved young brother and to my parents.



FOREWORD



FOREWORD

Audit denotes examination of the records and report of an enterprise by accounting specialists who are not the same set of people responsible for their preparation. Public auditing by independent accountants has acquired professional status and become increasingly common with the rise of large business units and the separation of ownership from control. The public accountant applies tests to determine whether the management's statements fairly present the firm's financial position and operating results. Such independent evaluations of management reports are of interest to actual and prospective share holders, bankers, suppliers and government agencies.

This monograph seeks to extend the boundary of audit beyond what has been said above as the defining characteristic of the subject. This is perhaps dictated by the present sociological situation in science. Knowledge is not something which exists and grows in the abstract. It is a function of the human organism and of social organisation. However knowledge grows by the receipt of meaningful information capable of reorganising knowledge itself. The crisis in science today is the lack of communication among the scientists as a community. Specialisation has outrun communication. The more science breaks into sub-groups and less communication is possible among the disciplines, the greater chance there is that the total growth of knowledge is being slowed down by the loss of relevant communications. There has been too much of a spread of what can be called specialised deafness. As a counter offensive against such a trend it is observed that something which can be described as an interdisciplinary movement is emerging. The best examples are physical chemistry, social psychology,



biophysics, biochemistry, social anthropology, economic psychology and economic sociology. So far as this monograph is concerned, it attempts to unravel various aspects of what has come to be known as social audit. The focus of the monograph is social audit of corporate body.

The source of inspiration behind imparting a social perspective to audit is the possible damage to the interest of posterity caused by consumerism on an unprecedented scale arising from accelerated progress of science and technology. The nature and extent of this damage is expected to be best revealed by endowing audit with a social orientation. The evils being perpetrated by corporate bodies would remain undisclosed if audit remains confined to issuing certificates presumed to be the traditional 'true and fair view' regarding the activities of the corporate body. Something more is necessary. This seems to be the message of this monograph.

Audit, particularly social audit, has been considered as a way out of the sufferings and misgivings of corporate life where irresponsible behaviour to satisfy wanton desire and arbitrary decisions dominate, threatening disaster to human civilisation.

Dr. A. K. Chakrabarty's monograph is an offshoot of his doctoral thesis under the guidance of Prof. B. K. Basu, former Head of the Deptt. of Commerce and former Dean, Faculty Council for Post Graduate Studies in Commerce, Social Welfare and Business Management, Calcutta University. The appearance of an informed and unpretentious contribution is always cause for rejoicing. It gives us valuable insight into the intricacies of audit. There is no doubt that it will serve as a valid guide to many aspects of audit that have not been given the attention they deserve. We highly appreciate the contribution made by Dr. Chakrabarty.

Date : April 30, 1999

Dr. Rathindranarayan Basu Vice Chancellor University of Calcutta



PREFACE

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PREFACE

Economic growth has been fostered to ensure better standard of living and the quality of life so as to make a Welfare State with humanised society within the framework of the principles enshrined in the Constitution. This stupendous task depends upon the honest, sincere and integrate effects of both natural persons as well as artificial persons—corporate bodies.

The jargons and juggleries illusioned the publics. The shareholdersvoters of the corporate bodies and the consumers-voters of the products of the corporate bodies have in fact no choice in the constitution and contents of the corporate veil. Much depends upon the centres of influence. The business as well as the financial language is greek to them. This in its trail brought about miseries and inflicted upon the society in endangering the very existence of the people in the form of poisoning of food, toxicating the biological functions and paralysing the organs of the living beings, ecological imbalancing and polluting the environment. Susceptibility to sickness of the industrial undertakings and questioning the very livelihood of the working personnel and making the corporate management vulnerable in the process of professionalisation are surfacing the corporate maladies. This has made an irresistable approach to study the problem when the Statutory Audit is found inadequate to cope with the requirements. Social Audit supplements Statutory Audit to make the circuit complete and to signify the existence and continuance of the Artificial Juridical person, viz., the corporate body.

Unhesitatingly but fortunately Dr. B. K. Basu, M.Com, Ph.D. D.Litt, P.B.I.M (Lond.), F.F.A. (Lond.), Professor, Department of Commerce, the then Dean, Faculty Council for Post Graduate Studies in Commerce, Social Welfare and Business Management, University of Calcutta, kindled the interest and motivated to make the study a few years back. It is his stewardship, active guidance and sagacious counselling from time to time that made the research possible at this age when engaged with so many pre-occupations. It is of



course a proud privilege to get this scope since Dr. Basp was my erstabile teacher in M.B.A. course under this University at indian histitute of Social Welfare and Business Management.

This werk is composed of nine chipters including an introduct is Chapter I which deals with the object rabinal area and so pe of study chapter. It ils with the in pact of the corporate bodies in the socio economic perspective and the evolution of the performance towards contribution to the human civilisation and the development it parameters which are not revered by the Statut ry Audit a saster of Jeans with the functions of corporate bodies and the marine which questions the moral and cil car values complete Edeals with the effects of consumption of use of the products of corporate bodies where toxin substances endangers anguitably harman argans chapter 5 deals with the maled clions of professionais coupler of highlights the wanton use of resources causing imbalance of ecology and bankruptes for the posterities. Chapter deas with demotivating factors causing industrial sickness without social responsibility Causin Sically for attitude for openness and reform to sustain good health of corporate bodies. In Chapter 9, the author endeavoured to high aght the conclusive corrective measures on the basis of the lindings

My younger brother Str Bisish t Chi-krabarti BA TLB GDMM Materia's Managements a Logistic Officer of a morbiful onal company the its encouraged and helped me in the form at tieas interature elemptically the research. Lam thankful to him His honesty and integrity in the corporate of turn was a source of inspiration.

Lam a so thankful to my write Dr. Mrs.) Bharat. Chakrabarti. M.B.B.S. D.C.D., for her continued and unusual support to complete the work. I record words of appropriation of patronisation of my second prother Dr. Debabrata Chakrabarti. M. Fech. Ph.D. and his wife Dr. Mrs.) Montka Chakrabarti. M.Sc., Ph.D.

Dr. N. G. Chowdhury, Director of Modern Management and ex-Chairman and Managing Director of Tribeni Tissues and Sri H. P. Roy Chowdhury, ex-Director of I.C.W.A. and ex-Head of the Deptt. Indian Institute of Social Westare and Business Management, whose affection, love and enthusism in pursuing academic interest was an inspiration to me.



I am thankful to Mr Balsara Financial Adviser to Tata Steel Co. and Mr G. S. Dutt. Vice President. Personnels of IOI. Limited for providing me with necessary information and sparing their valuable time for discussion whenever. I sought. Needless to state that it is the conviction of those personalities to popularise the concept. Social Audit on a voluntary basis since too much Statutory obligations have a negative impact on the growth of the economy.

I thank So Shyamal Chosh Commercia. Artist for pictograph and to Sri Ranesh Chandra Bhattacharya and to Sri Kaushik Paul for extending their help for printing. The author feels pleasure in conveying his hearticle gratitude to Prof. R. N. Basu. Vice Chancellor and Prof. P. N. Roy ex Liro Vice Chancellor (Academic) for their blessings and Sri Pradip Kumar Chosh Superintendent, Calcutta University Press, for their co-operation advice and best wishes for publication of the work.

Last but not the least the author remembers his parents whose endless blessings gave him tremendous impetus to pull this research work to a leading success.

t4/3B Judu Nath Ukil Road Calcutta 700 041 Date: June 1, 1999

Dr. Arun Kiran Chakrabarti University of Cavatta



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ABBREVIATIONS

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ABBREVIATIONS

Art Article of the Constitution of India

AIDS Auxiliary Immune Deliciency Syndrome

BHC - Benzene Hexachloride

BOD - Biochemical Oxygen Demand

B/S Balance Sheet

BIFR Board of Industrial and Financial Reconstruction

CCPA Cabinet Committee on Political Attairs

CBi Central Bureau of Investigation

CAG - Comptroller and Auditor General

CEO - Chief Executive Officer

C H, Carboxy Haemoglobin

DDT Dichloro Diphenyl Trichlorovethane

FSI - Employees State Insurance

FAO - Food and Agricultural Organisation

FIR - First Information Report

IDR – Industries (Development & Regulation) Act 1951

ITRC - Industrial Toucology Research Centre

IDD - Iodine Deficiency diseases

IL - Industrial Licence

JPC - Joint Parliamentary Committee

KGMC King George Medical Codege

Kmph - Kilometer per hour

MIS - Management Information System



MRTP - Monopoly Restrictive Trade Practices Act, 1969

mg - Milligram

MP - Member of Parliament

MOU Memorandum of Understanding

MNA5 Minimum National Standards

MDA - Multiple Discriminate Analysis

NO, - Nitrous Ovide

PAC - Public Accounts Committee

P&L - Profit and Loss

PBI - Profit Before Tax

PPM - Parts Per Million

PF Provident Fund

ROI - Return On Investement

SC Supreme Court

50, - Sulphur dioxide

TISCO - Tata Iron & Steel Co 1td

USC Undertaking Service Commission



ENTITY



ENTITY



The entity concept is often considered as an artificial man or an artificial body which has no soul to be damned and no body to be kicked.

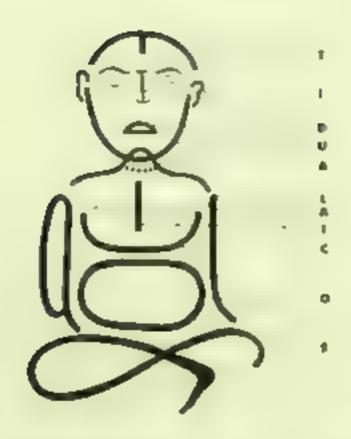
Source B K Basu's Lectures on Management Accountancy Page 1419.

Chattergee Publishing House



ANATOMY OF SOCIAL AUDIT





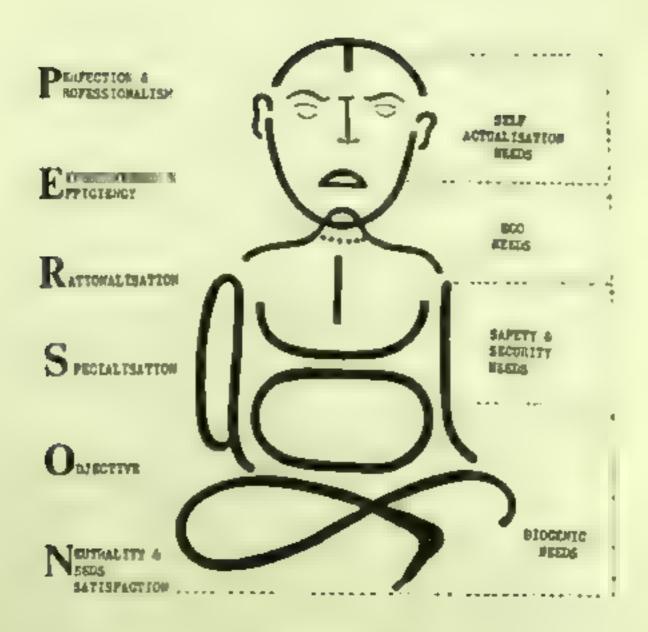
ANATOMY OF SOCIAL AUDIT

- 5 SUPPLEMENTING STATUTORY AUDIT SCRUTINISING SAFFTY & SECURITY OF THE SERVICES
- O | OFFERED TO THE
- C : COMMUNITY AND
- I | INVESTIGATE THE
- A ACTIONS OF
- L. LIMITED LIABLE CORPORATE BODIES AND
- A ANALYSING THE ACTIVITIES TO
- U LINEARTH THE
- D DEFECTS AND DISADVANTAGES FOR
- 1 INSTALLING THE
- TRUTH



PERSON





PERSON

Chapter 1

INTRODUCTION



Chapter 1

INTRODUCTION

A person an individual is responsible to prepare himself as a good citizen nationally and internationally. This is a continuous effort for sustaining the culture and heritage in the caravan of civilization. The rele of a person as prescribed by himself when matches with the rule prescribed by others in the society provides for a social platform for peace and prosperity.

Likewise a company—a corporate personality has a special continuing responsibility towards the people of the area in which it is located and in which its employees and their families like—the most sign ficant contribution organised industry can make is by identifying itself with the life and the problems of the people of the community to which it belongs and by applying its resources, skills and talents to the extent it can reasonably spare them to serve and help them.

The evolutionary changes in the positival arena i.e. from kingship to modern democracy is reflected in the economic arena i.e. trom the proprietorship to piural executives—corporate bodies

The existence of mankind is not merely in his economic activities. A profile is built up keeping in view the morale ethics, honesty and integrity and the appraisal is made accordingly. Thus profitability is no longer the sole objective of the corporate bodies. It is the basket of objectives which serve as parameters in performance appraisal of these corporate personalities.

Of course such parameters or varieticks undergo changes keeping pace with the modern scientific and and technological changes with innovations. The evil effects of the industrial civilization by charging the environment by producing the toxic substances for consumption have endangered the existence of the living beings. Better production and better productivity can no longer serve the society which is bereft of social consequences—the quality of life.



It is in this perspective an attempt has been made to study the prospect of Social Audit of Corporate Bodies. Audit as in common parlance reters to statutory audit under the Companies Act. 1936 under sections 209-233B (Accounts & Audit) which inter alia means "A+1+f+A+O+C = T & F A = Authority 1 = Legarity F = Existence A = Accuracy O = Ownership C = Continuing T & F = True & Fair But it is often said that what we know is little and the unknown is vast. The Statutory Audit does not cover such vast area which is of chequered nature.

SOCIAL AUDIT approaches to signify the letters constituting the words. SOCIAL AUDIT as not merely a post mortem analysis but a positive approach towards.

- 5 Supplementing statutory audit by scrutinising the safety (food ecology pollution etc.) security and services (commodities, corrupt tree professional skill, etc.)
- O. Offered to the Community and
- C Conserve the resources and
- I Investigate (industrial sickness) the
- A Activities & actuating the
- Limited table corporate bodies
- A Analysing the activities with reference to its authenticity and
- U Unearthing the Unfair and Universalising the
- D. Defects and disadvantages and
- I Installing the
- T Truth

Corporate bodies are replica of democratic productive institutions. These are privileged in utilising the scarce resources of the nation and converting them with utility to goods for mass consumption. Thus the owner of the resources—the people are best catered for better quality of life. What truches a lishould be decided by a.)—is the guiding principle for successful functioning of democracy.

Imbued with these ideals and realising the role of the corporate body in the national economy for its commitment to the society. Tata Steel

^{*} Mr. J. Santock. Case Studies in Auditing (P.25).

An might nto Auditing—a mu-bidimensional approach. Dr. B. K. Basic Page 13-1).



instituted social audit to evaluate how far the company had been able to fulfil its social and moral responsibilities. It pubushed TISCARE if the ideals of the founder were the seeds of Tata Steel's conscience. Tiscare is its glorious fruition.

The objective is to effect a transformation in the life of the immunity through a programme embracing family planning small sayings educational training cultural programmes sports training social integration, good housekeeping sustaining pollution free environment and ecological balance. These are aimed towards better production and productivity the economic development.

JRD late says. The wearth generation of lamsed, late and his sons in half a century of industrial proneering formed but a minute fraction of the amount by which they enriched the nation. The whole of that wearth is held in trust far the people and exclusively for their benefit. The course is thus complete what came from the people has gone back to the people many times over."

A questionnaire has been prepared for the study on social a idit of corporate bodies and the same was mailed to about 1.00 persons representing industries, academics, professionals and even labour unionists within the country and outside the country.

About 15% response have been received. The non-response from the industries reflects the indifference not to task of apathetic attitude towards such academic studies. Some of the recipients of the questionnaire confessed their inability to furnish the information asked for in the questionnaire in view of the fact that he is not concerned. The methodology adopted in the study may mainly be reckined at as follows:

- (1) Personal interview with the business magnets of the corporate sector at Calcutta; and
- (2) Collection of information through questionnaire from different personalities representing different walks of life.

The study has been undertaken on the functioning of the corporate bodies and its impact on the society. The objective of auditing such function is to evaluate the performance & contribution towards welfare of the society thereby discharging responsibilities to the society.

In Chapter 2, the role of the corporate bods in the economy and the impact of corporate shell has been discussed



In Chapter 3 efforts have been made to highlight the weaknesses occurring perpetuarly and appearing in the surface as corporate maladies

In Chapter 4 the aspect that corporate bodies while venturing on mass production particularly in food production embark upon producing toxic substances has been dealt with. This questions the existence of living beings including the mankind.

In order to revamp the functioning of the corporate bodies for rising to the expectations of the society stress has been given on professionalism. It has been noticed that the professionals are new being questioned for their bureaucracy corruption and predative practices. This makes the situation critical since they belong to the society but being privileged to manage the state of affairs they become ignominious about social responsibilities which have been dealt with in *Chapter 5*.

The operation of the corporate bodies aggravated the environment and divited imbalance in the ecology. The wantonly use of the material resources leads to the depletion of the wealth thus shifting the consequence of the sub-life of the bankruptes to the posterities. Nature can meet our needs but not our deeds. The horrors of the situation have been discussed in Chapter 6.

Sickness has become a routine afford A sense of aristociacy in the sakness is being techoped if the social cost Sick corporate bodies are being publicly appreciated by inflats of public money by the decision of public representatives democratically. Sickness is the AIDS to the corporate bodies. In Chapter 7, the details of sickness, its patronisation and the remedial steps in diagnosis and administering the prescribed medicines for preventing the national wealth from further waste has been dealt with

There is nothing wrong in calling spade a spade Strategies often shadowcast one's ingenuity in self appraisa. Correct information without any attempt to window dressing caters towards upholding the truth and establishing the credibility on one's action. This calls for more correct information and a reform in the administration—a glastnost and perestroika in the functioning of corporate bodies. This has been discussed in Chapter 8.

In Chapter 9 attempts have been made to arrive at conclusions after analysing the information so conjected and perceiving the same in the correct perspective. Subsequent published data were not available and as a result the study has been made on the basis of the available data.

Chapter 2

CORPORATE SHELL



Chapter 2

CORPORATE SHELL

The higher needs of the Corporeal being found its excellence in corporate bodies an ally economically and post any Corporate and economic legisla arise emblacione the choice and batances in the process of bodiesing proudh to as to make the removing of he own ry a self-religiation. The physical efficiency of a human being detond of moral and ethical times which often remain unguarded by the legislative measures projects to be a monster Corporate bodies responsible for contentuing to the social web being by ensuring economic welfare lamb the right to exist unless it caters to the PUBLICS at flerent segments of the society. Thus the creatures of the Companies Act 1956 are not merely are annihilate financially but also occasing. The statutory Audit satisfies the growth of the corporate body within the framework of the Francisca Lago intuities. But here is hardly adequate lamb is measure the performance and most in any the continuous e if the representative of the social or and the continuous e if the representative of the social or and the continuous e if the representative and allowed to each most e if the appropriate through the social or the social or the social and meaningly and prosperious life.

In this study the impact of the corporate bodies in its socio-economic perspective and the rimination of this performance towards contribution to the human consistion and the development of parameters would form the subject matter

Etymologically, Company is derived from the Latin word commeans — together with, panis — bread thereby meaning a number of persons united for business or commerce or bread sharer

A company is a corporate body and a legal person having status and personality distinct and separate from that of the members constituting it. Since the persons composing it are made into one body by incorporating it according to the law of the land and clothing it with legal personality so as to constitute an artificial jundical person and so turn into a corporation, it is also called a body corporate. The Latin term corpus means a body. Thus the legal person enjoys many rights and incurs many liabilities like natural person. — a human being

Artificial Juridical Person

The Companies Act, 1956 defines a company—'company means a company formed and registered under the Act. In common law, it is a legal



person or regal entity separate from and capable of surviving beyond the lives of its members

The objective of creating a company is not mere legal institution. Rather it is a legal device for the attainment of social and economic end. It has perpetual succession acting as an individual particularly of taking and granting property contracting obligations and of suing and being sued of enjoying privaleges and ammunities and of exercising a variety of political rights more or less extensive according to the design of the institution of the powers upon it either at the time of its creation or subsequently during its existence.

Thus it is an artificial citizen. When rights imply duties it empty civil rights and it has the duties in the form of accountability. It is obtains that the functions of the artificial body are discharged through natural persons. The natural persons thus entrusted with the task of continuity and activelying social and economic objectives are not free from the bias of the human traits and as such the style, the outlook and the frame of their mind is bound to be reflected. The motivating factors in making a man working are found to be present. The political affiliation is bound to influence. Political alberty without economic equality is a myth. The business centres are the workshops for economic activities. Political theoreticians started searching coincidence of positical and economic power in the corporate bodies where they can excel in the matter of magnifying themselves toking for meeting the social ends and identifying with the virtue of necessity.

Need theory & Corporate hierarchy

Necessity is the mother of invention. The need originates from the feeling of want which gives birth the demand and to satisfy the mass need, corporate bodies come into existence to cater to such needs. An individual has the basic right to enjoy the civil liberties in order to make himself a good citizen. But the question remains — why a man works? Maslow in his Need theory enunciates that the need in man actuates him for working. Man is a rational animal. He is in constant search for a quality of hie. This quality of life depends upon the degree of rahonality and higher needs in the hierarchy of needs.



The Pyramidical needs according to MASLOW are

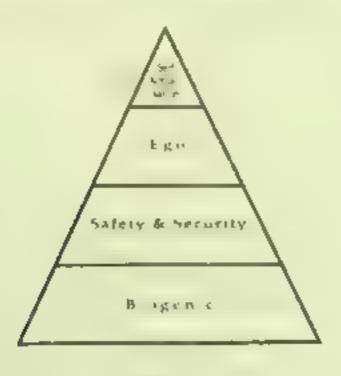


Fig. - 1

Thus if follows



Fig. 2



The corporate body — an artificial body discharges its functions through natural bodies who belong to obviously of higher needs group but generally less than the top class needs like self actualisation since this group of natural persons endeavour to know themselves and contribute for the development of the society in the process of self-development.

It therefore, emerges that such group of people are in constant search of centres of influence. The pivotal point of influence may be reckoned at the business economics carried on by corporate bodies. It is helleved that with satisfaction of the tower needs hunger for power emerges as a predominant factor for driving the people to be motivated for identification and satisfaction of their egos. The controlling power of a corporate body assumes the power to influence the centres of power like parliament government/nationalised sectors and even to extend it to international level

Role of corporate bodies

The growth of corporate bodies is a matter of necessity. Man does not or cannot create anything. What it actually does is to add utility and subsequently present it with a fashion making BEAUTILITY -Beauty + Utility The resources are the free gift of nature-which is not niggard. Man converts the resources to a useful means for satisfaction of the existing and created needs which grows and grows with the culmination of civilization since civilization is often expressed as unlimited multiplication of unnecessary necessaries. One of the best alternatives to entrust such a gigantic task of mass production to corporate bodies has to be opted keeping in view the fact that plural executives will provide for checks and balances and will restrain the predatory possibilities and other limiting factors in the process of production. Moreover, the corporate bodies serve as a source for providing revenue to the national exchequet by payment of taxes. It is provided with the privileges of utilising the resources, the owners of which are the PLBLIC in general Again, public participating in the formation of capital with democratic governance divested from the ownership is the essence and uniqueness in its operation. In the post independence period the crying need was growth which was assigned to the organised sector-corporate bodies for achieving self sufficiency and subsequently a self reliant one

Big Business and Govt. The New Disorder—Nevillee Abraham 1974, The Bowering Press
 Ltd. Plymouth 17



The investors, therefore like to see that their investments are safe and they want to ensure that the annual accounts of the company present a true and fair view. The accounts of the corporate bodies must therefore be checked and audited by a duly qualitied and independent person who is neither in employment nor an officer of the company. It is compulsory for every company to have its accounts audited by a Chartered Accountant. An audit of accounts is conducted with two fold purpose.

- (a, detection and prevention of errors and
- (b) detection and prevention of traud

Corporate Body and Constitution

This is the only sateguard against the misapplication or misappropriation of the money of the public without their knowing anything about it

The Companies Act 1986 which governs the corporate bodies seeks to achieve the socialistic pattern of society. The preamble of the Constitution of India states that

WE THE PEOPLE OF INDIA having solemnly resolved to constitute India into a" SOVERHUN SOCIALIST SECULAR DEMOCRATIC REPUBLIC and to secure to all its citizens

JUSTICE, social, economic and political

LIBERTY of thought expression belief faith and worship

EQLALITY of status and of opportunity—and to promote among them all

FRATERNITY assuring the dignity of the individual and the unity and integrity of the Nation.

Article 39 of the Constitution states

- 39 Certain principles of policy to be followed by the State The State shall, in particular direct its policy towards securing—
 - (a) that the citizens, men and women equally, have the right to an adequate means of livelihood:

^{*1} subs by the Constitution (Forty Second Amendment) Act. 1976 5.2 (wir f. 3.1.1977). The Constitution of India

^{*2 21} bid The Constitution of India



- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good.
- te) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.
- d) that there is equal pay for equal work for both men and women
- that the health and strength of workers men and women and the lender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;
- (f) that chudren are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment*

It is within this framework the Companies Act. 1956, the Industries (Devel pment & Regulations) Act. 1951 and the Monopoly Restrictive Trade Practices Act, 1969 and several other economic legislations have been passed to uphold the spirit of JUSTICE — social economic and political in companies with the provisions of Article 39.

A company is sometimes described as an intricate centralised economic administrative structure run by professional managers who here capital from the investors

According to Lord Justice James, a corporate body is an association of many persons who contribute money of moneys worth to a common stock and employ it in some trade or business and who share the profit and loss arising therefrom. The common stock so contributed is denoted in money and is the capital of the company. The persons who form it or to whom it belongs are members. The proportion of capital to which each member is entitled is his share.

^{*} Subs by Constitution (Forly Second Amendment). Act 1978 5-7 for CI. (N (wet 31 1977).



Objectives of business

The objective of formation of such corporate body would appear to be the profit which on the one hand will provide further capital and also dividend as an incentive. The operation of the corporate body is assessed in terms of generation of growth and is often expressed in terms of profit. So profit is not merely a monetary phenomenon in the process of growth of wealth. Profit can be termed as an efficient factor of corporate functioning. There is, however, a scope to debate with regard to the quantum of such profit. And the question of limit of such concept poses problem too.

The quest for efficiency and the popular image of businessmen fits the profit motive lough shrewd and uncompromising businessmen allegedly direct all efforts to the only goal of increasing personal and corporate wealth in the shortest possible time. Such businessmen are thought to behaviour or competition because they are passionately concerned with increasing shareholders dividends and capital. Top priority is paid to behaviour of key financial ratios, such as the rate of return on capital employed rate of growth of net profits, the number of times the share price is currently equivalent to annual profits. It the company is trying to grow fast and profest itself from being taken over them a lot of attention is paid to capital structure borrowing requirements and cash flow which if properly managed and help to piace it in a better position to take over other under on said or undervalued undertakings.

Business horizon is covered with risks and uncertainties. Profit is thought to be regarded as reward for risk taking. Business tries to cope with uncertainty by fast growth and diversification often at the expense of profits. On the other hand efficiency presumes a time horizon and if profit maximisation is the top priority this can best be achieved by contract on and not expansion. Big business again ends to eschew individual perfection. Efficiency in business can often be measured by other than timancial terms also. Sometimes costs are identifiable and publicised in respect of services than those of business organisations. To a taxpaver or citizen that of course means little since he is in no position to judge what value he is getting for his money.

It is indeed a critical proposition. Profit is a must for the survival of the business. But profit maximusation or profit optimisation cannot be the sole objective of a business. In that case, pick pocketing or cheating would have been a business.



In modern business concept it may be examined that business has not a sole objective because the corporate body has to play its role in the National and International premises within the ambit of the commitments and promises enshrined in the Constitution. Hence it is not a single objective but BASKET of objectives.

According to Prof. Drucker objectives are essential in all key areas where performance and results directly contribute to the growth and survival of the business for enabling managers to

- otganise and explain the whole range of business phenomena by such objectives;
- (ii) verify the objectives in actual business operations
- (iii) predict employee behaviour
- (iv) vouchsale the soundness of decisions and
- (v) improve their performance

Prof Drucker identified the key areas where the basket of objectives are necessary for improving performance and results of the business. These are

- 6 Market Standing-creating demands divers fication and expansion,
- (ii) Innovations.
- (m) Productivity,
- (iv, Physical and Financial resources.
- (v) Profitability,
- (vi) Managerial Performance and Development,
- (vii) Worker's performance behaviour and attitude and
- (van) Public Responsibility

The operation of the corporate bodies is manifested through decision making effecting lives of the people—functioning of artificial beings influencing natural beings. Conclusion emerges towards a good or bad decision while the desideratum is always an efficient management—a plural executives, the notion is enshined in Acts of Parliament and embodied in job specifications, Company objectives and Government Reports. It becomes a quiz to decide



efficiency or inefficiency of the corporate management irrespective of the scale or size of the unit, time horizon and actual measure used. This may be explained as follows:

We often say good management or bad management. But management is a decision making process involving the future. Yes of people!

What is efficient or inelficient is by no means self-evident

(A) Units of Enterprise

- 1. The individual employee
- 2 Groups of workers
- 3 The company
- 4. A group of companies
- 5. A national company or a nationalised corporation
- 6. A multi-national corporation
- 7. A nation-state
- B. A federation of nation-states

(A ninth, the world economy as a whole follows automatically from this progression. A tendency is emerging for one group of producing states to negotiate with another group of consuming states, and if three or four trading blocks negotiate for resources then bargaining takes place on a world scale).

(B) Time Horizon

These vary from the momentary to a number of decades but for practical purposes the most commonly used are

- 1 Up to one week
- 2 One week to one month
- 3 Three months
- 4 One year
- 5 Five years
- 6 Ten to fifteen years

Big Business & Gos F. The New Disorder—by Nes lie Abraham. The Bowering Press Ltd.
 Plymonth (pp. 102-304)



Most people are still paid by the hour every week and the very short timescale is easily the most frequently used. However company and government report is calendarised, and pressures for lengthering planning horizons beyond this.

(C) Measures

- 1 Revenue minus cost
- 2. Growth of revenue
- 3. Cost or cost plus
- 4. Output (in tons, miles, hours)
- 5. Output relative to input
- 6 Other measures cob creation market share, technological leadership)

Thus we may guess the objectives of a financial holding company (A)4 (B)1.4 (C)1.2 white a freelince journalist's goals are matched (A)1. B? (C)1.4—to continue working freelance up to one month ahead and to maximist net revenue per 10t words.

The efficiency of one entity ought therefore to be seen in terms of its social political relationship to other entities, and to the time horizons and specific measures considered more important than others. Since many of these are ultimately questions of choice, they affect both managers and politicians.

There is sometimes conflict within the corporation or between the corporation and Government on this count about efficiency and objectives. The modern concept emphasises management by objectives. It is the conflict between freedom of action of the constituent units and necessary constraints imposed by higher authority and one from which managers, politicians and civil servants cannot escape.

It must be remembered that for obtaining a corporate capacity special processes are necessary and that a corporate existence is a privilege and not a right

Responsiveness of business

Apart from the aspect of centre of influence—a political gammick, one has to frame the issues giving rise to accountability for enjoying the privileges for delivering goods and services. The process of accountability is an integral part of getting things done so as to find out the gap between what is done and what is required. The question of use and abuse of power also arises. The study of economics and finance generally ignores this power



and organisational influence. The public interest rests in lostering competition. For every economic power a counterveiling centre of power develops in response and that the controllation of the two will tend to function in the public interest.

Enjoyment of privileges is presented in the form of accounts and accountability or answerability is considered expedient to make one behave responsive. So accountable to goes hand in hand with responsibility. It implies the controlled disclosure of facts and information. Its main purpose is to maintain control and its effectiveness depends on relevance of information. Information and communication are the tools of control and those who are near the source and their motive will influence it.

Corporate bodies identify their accountability either internal or external Task region function, etc. may a instruct to be internal financial accountability is easy to express but it is more difficult to devise systems of accountability to check non-financial progress. Ethiciency or effectiveness in terms of social performance and behaviour are not as easily or universally understood as money indeed financial influence in business and Covernment is much greater than any other and dominates accountability requirements.

With regard to the external factor of accountability there is scope of interaction with the corporation. These may also be termed as 1 USLICS.

- (i) the State under the laws of which the corporate body is created
- (ii) its members usually known as shareholders with whose fundit started its life;
- (iii) its customers to whom I provides goods and services
- tiv) its employees who associate their lives with it in varying capacities over different periods of time, and
- (v) the community whose well being is affected by the act vities of the corporate body.

The business scenario as portraved by the corporate bodies in the national economy has underwent a radical change. It is not coived upon traditionally as producer of goods and services alone at all times. Business has been expected to operate within the law and within prevailing norms as well as to engage in a moderate amount of philanthropic activity. A society which business had shaped had gone away. There is a commitment it has been felt to solve problems which are external to business with which business had little direct experience. Good community relations are seen as important both from a social and a business point of view. Concern with the quality of work life is growing.



The accountability responsiveness of the functioning of business of corporate bodies may be shown as follows:

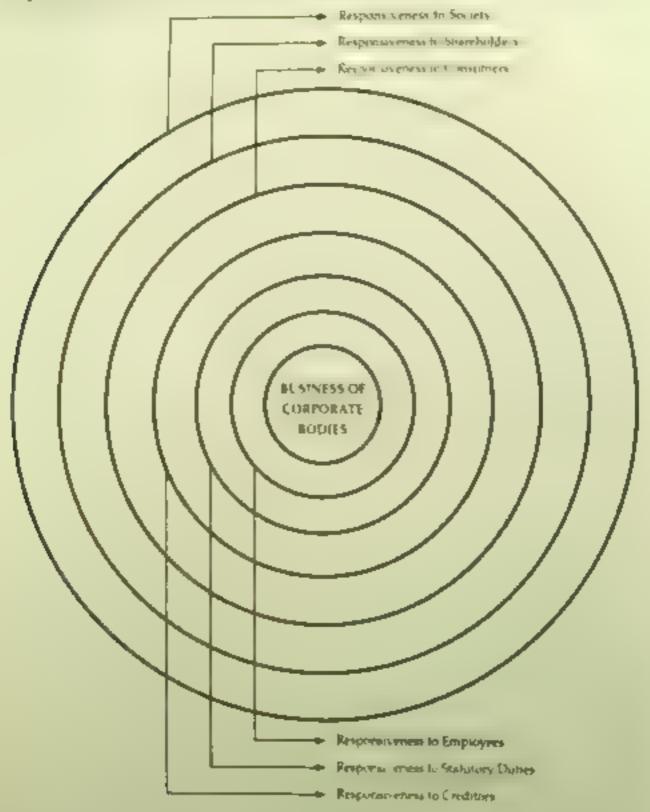


Fig - 3

20

338.74068



In the post independence period, the emphasis was on mass production through industrialisation and to loster growth and this has assigned an important role to the corporate sector which is organised. See Appendix (v). It is a rebellion against measuring progress predominantly in economic and technical terms. Specific manifestations are the development of social indicators for measuring the performance of the society as a whole and the development of technology assessment in its probable social consequences rather than aimiting the evaluation to more conventional technical and economic criteria.

Business exists to serve society. It is an element of the society. It has the right to grow and enjoy privileges and its future will depend on the quality of its head and hearts response to the changing expectations of the public. This provides for the arena of social audit while the financial audit units its domain of examining the financial progression yas preserved uniter the Statute.

An aspect of the agenda for humanizing society which could be adaptive in a world where resources are limited in supply prevans. It is a call for rationalisation of society in human terms which demand sinknowledge discipline, character The industrialised civilization has prod garties in itself and sometimes it has imponderables. It is in this perspective social audit is considered expendient.

Need for Social Audit

Mere examination of books of accounts with supported vouchers and documents is not sufficient to meet the growing needs of the society. The changing socio-economic condition expects modern tools and techniques to out we the old traditional historical and t. Auditors are to push pencil as well as pushing the brain for achieving a humanised society and for evaluation of social needs of the corporate body. The role of corporate sector on the national sector needs no emphasis. The social objectives are emblaced and a social audit compares and makes crystal clear the continsion or contradiction, if any in the corporate functioning in the national premises by protecting the shareholders stopping capital erosion, production of quality goods at a reduced price control of inflationary trend and overall improvement of the standard of living of the common people.

These objectives are achieved by increasing productivity development of resources, value analysis, distribution of benefit among consumers.



employment generation cost consciousness in public and private sector undertakings, discontinuance of uniconomic product line, guarding against tax exasion, price fixation and price control foreign exchange earning, etc.

The shareholder is the main focus for external company accountability in law Preparation of annual return profit and loss account and balance sheet reports by directors and independent auditor must be sent to the Registrar of Companies.

The degree of such responsibility varies with private or public sector undertakings. A critical examination will reveal that the shareholders right is a hollow line. The board decrees and the shareholders end use. No question of seeking mandate, so the self-selection of the board does ensure its commitment to whatever objectives the enterprise pursues.

Constraints like tack of understanding development of specialisation and teeling of resentment are those who originate information. Praise is a scarce commodity while blame is in abundant supply. A gulf of difference between responsibility and knowledge is created. Accountability to shareholders is not extended to customers or suppliers or the rest of the community. Leg stations have been made so as to make behaving the corporate body responsive but paradoxically charges multiply that business in not publicly accountable.

Market segmentation has been institutionalised. Consumer sovereignty no longer exists. It is not that CAVEAT EMPTOR, which has gone for ever with the Act of Government but it remains an regulated environment since consumers are ignorant, weak, uninformed, disorganised, and indifferent.

Again there is no formal system of accountability with regard to the society at large. It is obvious that any neise or fumes from the car are hardly likely to bother its occupants—the effect is directly on the people. If industry is successful in lobbying and pursualing Covernment to act in favour of corporate interest then the risks that community interests will be sacrified are greater.

Analytically employees expect better salary/wages for better standard of living with better facilities and working conditions having welfare measures ensuring safety and security with provision for development, education training placement for himself, members of the family so that better productivity is made certain

Government expects industrial peace with better income by taxation and regular payment, more employment opportunities. Creditors expect



better interest and timely payment. Shareholders expect better return and timely payment without strike or closure.

Consumers expect regular supplied of mahr material at a right price at a right time and a right quartity with right quality. Suppliers expect regular payment for right delivery and a better buyer vender retail nahip.

Society at large expects development of the area, more employment facilities, development of the intrastructural facilities by way of hospitals, schools, colleges transport, roadways parks and pollution free environment

bometimes these expectations are contradictors and non-linancial too-

Again the cast aspect cannot be just sight of which is an element in pricing too. When pollution control equipment has been added to jud process, the capital cost is identifiable. But when new processes are designed which do not pollute it is impossible to assess the cost of pollution control. The question, therefore arises if the process is more efficient and print on control is therefore probable should the corporate body be assigned a responsibility debit? The same legic applies to a design of safety into a plant or of aesthetic which increases employees gratify about with their job. There is no way of soluting, social cost. This approach will middle as much as it clarifies. Activities associated with social demands have initial appearance of costing money though they eventually may not. The expense may be rationalised in long term profitable ty. A high tech company subsidies the college education of engineers which buys the business a certain amount of good public relations, demonstrating a good faith left it in complying with the spirit of equal employment opportunity.

No business investment pays off instantiv unless the bencht appears in the same accounting period as the expense or unless the expense is capitaissed and carried forward into subsequent accounting periods in anticipation of future benefits it appears on the books as a cost. When benefits are anticipated then whether the expense is seen as a cost or an investment is arbitrary. Conservative economist. Like Million Enedman argues against propriety of business expenses that do not contribute to profitability. Once the notion of long range probability is introduced only paulity of imagination and short time horizon amits justification with no direct immediate business benefit.

Copposite bostal Responsiveness. The Modern Phemna by Robert Ackerman Raymond.
 Bauer Reston Publishing Company. Inc. Riston. Virginia (p. 8)



Again with the passage of time, the interference of the national socialist democratic government provides berth for conformatis with the mandate as well as vocuntary or discretionary performer it should be borne in mind that there is a zone of discretion when it relates to social responsiveness to corporate strategy where social audit penetrates and the discretion gradually diminishes over time with necessary enactment in this behalf Discretion never becomes zero and is never complete or absent. Semantically Social Responsibility is loaded with notions of intent goodwill, sacrifice and voluntary initiative. This makes the corporate strategy philanthropic towards an enlightened and humane society.

The Sachar Committee" in its report on Companies Act, 1956, Monopoly Restrictive Trade Practices Act 1959 observed. The resources and manpower as well as raw material which the corporate sector has necessarily to employ they dably cast a responsibility on it to see that the balance between the need of the company and, the requirements of the society are maintained at even level. The present financial information is meant to process together and teport financial result and other statistics. It does not concern itself with the social performance information an aspect of acceptance of social respons billty of the company to the society. Some of the organisations abroad have even evaluated the originations with respect to their contributions to social responsibility tests like environment, consumers, health, well being and safely and employment of minority, backward and women personnel Var ous names have been given to this social information like socio-economic accounting, social accounting, socially responsible accounting, but most prevalent word for all the social information which is now accepted is "Social Audit" "

According to Henry Ford II. There is no longer anything to reconcile, if there ever was between the social conscience and the profit motive

Impersonally the quality of society—investing in better employees and customers for tomorrow—is nothing more than another step in the evolutionary process of taking a more far sighted view of investment."

^{*} A study Report on Sachar committee on companies & MRTP Acts Centre for Legal Studies Delhi p 118

Chapter 3

MALAISE OF THE CORPORATE BODIES

Chapter 3

MALAISE OF THE CORPORATE BODIES

The social politics scenario a tinemed a radical hange from langular to the present him of democratic the same reflection is evident in the social extraordinate would neither to endent that the change rooks place from one enterpre-constript proprieties or the present democratic form of corporate bodies. What touches as should be decided by as the starchesders decide the fate of the economy of the country.

Fortune does not teather mone. Mistorium 2000 follow. The anterhations of the arpmote bodies is not aways conductor to the society. The course of the configuration the function of the corporate bodies aggrature and question the very existence of the corporate being and tend to grow benefit of moral and ethical values. In its mate it mass production and better consumers in a sound its personner to grow batter than the society at a great social cost.

The caravan of civilization has witnessed the growth of individual selfwith Group. Society and the State having the power centre at the Government level formed and stabilised from time to time. So there is a chequered career in the form of Government also, it started with kingship championed by Hobbes. Lock progressed and culminated in the democratic form championed by Rousseau.

This gives the knee jerks in the business arena also. A gimpse at the chequered career of the business organisation would reveal that the sole proprietorship progressed and developed into partnership with a few culminated in the corporate bodies with the principle of democratisation. This is not of recent origin. It dates back to old days as well. In Narada Smriti there is a reference to an organisation termed "Sambhuya Samuthanam" a body of persons doing business jointly. So the instruct or habit of working together was known as. Sambhuya Samuthanam. The concept of the liability



of these organisations can be found in the norms prescribed in the Narada Smritt which may be enumerated as follows

- 1 Due tax was to be paid or else a penalty equal to eight times the tax sought to be avoided was imposable. An interence thus can easily be drawn that the liability to the State on the correct profit was in vogue.
- 2 The activities of the group had to be confined to the objects with which the organisation was formed. A loss arising out of unwarranted activities was to be borne by the wrong doer.

It is like the utim coes doctrine of company law. So the hability of the management of the corporate body to the members of the group was there

In the course of evolutionary changes in the matter of governance of the corporate bodies differential hability formulae have been developed reflecting the nature, character style of functioning although the role playing being emphasised equally for spurting the growth of the economy and generating wealth of the country. This would of course, appear paradoxical but the fact remains that it withstood the test of time. The incongruities feature well. There is cry for democracy since all who are touched decide an although the fact remains that there is counter cry for rigging, murdering principles of democracy.

Again, the judiciary system which is being threatened by the constant deterioration of quality of justice where the Lordships' integrity and competence is being questioned there is cry for judicial enquiry whernes er there is any hapless but not hopeless occurrence in the public life. The systems are all democratised. The end of justice is not available to the common man for whom the organisation stands. The voter who unimately chooses the form of Government has practically no say in the matter. The institutionalised approach still goes. Certainly it is not the Institution but the system where defects crop up to widen the wounds like cancer for the premature catastrophe. Of course, institutions have been called for rendering their services within the society to cater to the needs of the society. Their failure calls for attention to the 'malaise'

The corporate bodies which is also a social institution is not free from such malaise

0

Business management in political democracy

Basically there is private sector and public sector under the national sector where the corporate undertakings behave differently with conditioned reflex although the same element MAN is in charge of these elements. There is vital difference, it arises primarily because of differences in those who provide the resources and in the kinds of activities the resources pay for Owners and creditors provide resources to business entities voluntarily such as by investing. They could just as easily invest or lend resource buy antiques, or give away their fortunes.

But in the public sector the most important provider is the taxpayer and he provides such resources involuntarily. Unlike business enterprises generally no exchange exists between the entity and the resources providers in the sense that funds are sacrificed to particular goods and services.

While the corporate entity in the private sector is accountable for all its activities affecting the fortunes of the shareholders, the accountability of the corporate entity in the public sector is to the whole nation through the medium of institutions like the parliament, the legislative assemblies, and various bodies created for the purpose, viz., public accounts committees

The Government formed on the basic principles of Democracy is run by the Cabinet assisted by executives so the corporate business thus formed is run by PLURAL EXECUTIVES—the Board of Directors assisted by Managers. The executives are profoundly affected because their authority is questioned. Their two way relationship with men through whom it is necessary to get things done is changing. The increasing discontent of potential partisans can only mean social conflict. That management is continuously involved with employees other managers shareholders customers and Government shows that the decision making process to suit the strongest partisans or dealing with the source of the trouble by control measure is essentially a political one.

John Morris of Manchester Business School represented his experience of people in such undertakings in the shape of a cone*

Big Business and Government The New Disorder by Neville Abraham The Bowering Press Ltd., Plymonth (p. 97)



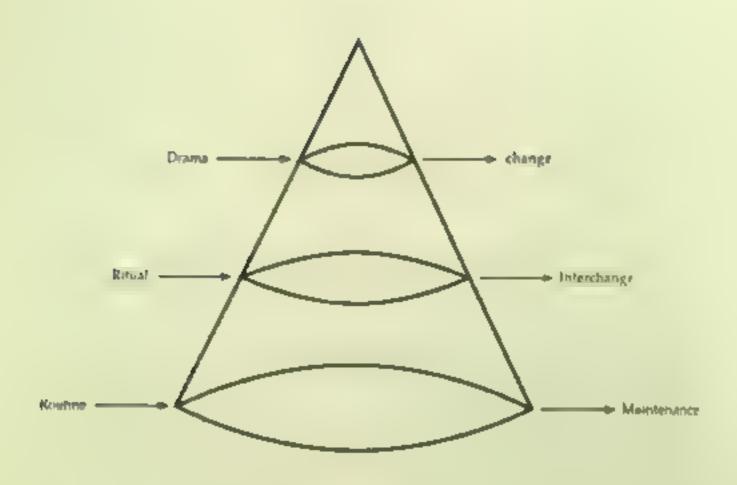


Fig. - 4

Drama describes eventful experiences

Man aves by drama remembers by ritual and survives by routine'

Many dramas of organisational life are involuntary, paintul and tragic. These have uncertain outcomes and inevitable strong feelings and passions.

The board members, committees, management consultants, munisters and executives are dramatists who exploit the apparent and the real to interpret reality, creatively and recreate for participants. The fools in the Elizabethan plays are not only the fools but real life commentators.

Bagehot describes. An opposition in coming to power, is often like to speculative merchant whose bills become due. Ministers have to make good their promises and they find a difficulty in so doing. They have said the state of things is so and so and if you give us the power we will do



thus and thus. And the end always is that a middle course is devised which looks as much as possible like what was suggested in opposition but which is as much as possible what patent facts—facts which like in the office so teasing and unceasing are they—prove ought to be done. Managers are accountable for the future performance in respect of the promises within a risky and uncertain premises where political style and interaction and interrelation with Government can narrow the gap between the promise and performance. The immediacy of news transmission and its obsession with instantenuity encourage the politicians to talk about changes in industry and the economy as it they could all take place in a matter of days or weeks.

The dilemma for managers, like politicians is to try to satisfy or alter expectations in a rapidly changing environment, but less and less will be achieved unless the main centres of influence are more prepared to terms with change. A high level interaction between the managed and the managers can be expected, accompanied by greater conflict and internal strain.

It is often said "Those who know do not say, those who say do not know"

The pluranstic society witnessed pressure environment in trade unions management associations, capital market and the news media.

On a national economic policy trade unions foster pressures on national organisations for evolving government policy but when it is a particular issue which is troublesome, inter-union rivalry arrangement between the undertaking and the single union and the conflict provide hardly any means for a solution. The leader is bereft of ethics or morale and make fortune at the cost of its members and at a social cost in contrast to trade union practices management associations appear content to reflect the inherently conservative philosophy of business and work to maintain status quo

It is obvious that the private corporate sector provides capital for industrialisation and tosters growth not for its own sake but for the public corporate sector also.

The media have social as well as commercial objectives. The Fourth Estate is held up as an implacable opposition to the ruling parties, the bureaucracies and the judiciary. The question is whether to act as a mirror in society or to make value judgement continuously thereby pushing the bad rather than good.



In the post independence period, the growth of the population together with the migrated population posed a problem to the national government for feeding the millions and providing them with the basic necessities for keeping the body and soul together. No national government can discharge its functions as a mere spectator. Thus the corporate undertakings with the framework of mixed economy have been assigned this vital task and with the passage of time more and more corporate undertakings started emerging with emergence of grant public sector undertakings in comparate with the commitments enshrined in the Constitution. The traits of man are inherent and found their manifestation in the administration of the corporate undertakings. Problems while become curonic appeared as malaise. The physical efficiency of a man devoted of moral or ethical values tends to make one preconcilable and inhumane. Some moral or ethical control becomes expedient. The corporate management also deserve such basic needs. The greater the number of undertakings the more and more checks and balances are necessary

As the population grows so also grows the variety of diseases calling for the impending necessity of preventive measures for the same which is recognised to be better than cure

The character nature and extent of corporate malaise therefore presupposes a discussion on the magnitude of the size and area of the economy where these undertakings have been summoned to cover

The Central Government in its general annual report on the working and administration of Companies Act prepared in accordance with the provision of section 638 reviews the corporate sector—its growth in terms of registration and liquidation of companies as well as the checks enforced on mismanagement by the Government on cost audit. Following is the exposition relating to the period from 1488 to 31389.

Review of Corporate Sector

Companies registered during the year 1988-89 were 21,877 of which 27 were Government companies. The companies with limited liability by shares registered 21,891 with an authorised capital of 4,795 crores

Thirty Third Annual Report on the Working and Administration of the Companies Act. 1956—a brief report compiled by Mr. Divya Tandon Published in the Chartered Secretary, Sept. 1990. p. 789)



TABLE — 1

COMPANIES REGISTERED DURING 1988-89

Туру	G	out Cos	Some	#41 (cs		Ţ	en]
	No Aut	h Cap Cr Rs i	N Auth	Cap To Re	4	Auth (LAF TE H
Ltd. by share							
Pubne Lad	12	1.383.2	3 .187	661.6	1.0	44	2 44
f Priv Ltd	15	1.042.2	21 7 7	1665	2017	42	2 750
Total	27	24654	21 %-4	2.329.7	21.6	N1	4 4
Unlimited Liab	indir.		17			1	
Embility Lid b guarantee & Ar not for profit			76			74	
Total	27		7 950		25 4	, 777	

TABLE — 2
COMPANIES AT WORK AS ON 31 3 89

Турк пС сопраку		No. of Cap.	Parking Capital Ry coms	
4	Companies Limited by shares			
(a)	Covernment Companies			
	Public similed	527	130 (04	
	Private (mited	60.1	2 ** 494	
		1 = 34	4 Br 368	
(6)	Non-Government Companies			
	Public Limited	19.2[3	NO. THE	
	Private Limited	1.57 (9)	26.317	
		176 104	1 + 10 1	



Total (f)		1,77,238	52,286.9
(0)	Companies with		
	unlanited liability	319	
06)	Companies Ltd by guar	rantee	
	and Association not for profit	1.954	
end	Foreign Cos (so defined		
(117)	under Sec 591 of the		
	Companies Act	420	
Total		1 30.431	

So there were in al. 1.79.431 companies at work as on 31.3.89. Regionwise distribution of companies as registered during the year 1988-89 is as follows.

TABLE - 3

Кара п	r-1	Persale	Тыа
North	374	7116	2,492
End	296	3,194	3,490
West	184	6,495	6,679
Courth	245	1.985	4.230

It may be seen that the private limited companies have grown at a taster rate as compared to the public limited companies. But the paid up capital of public limited companies have grown at a much faster pace than that of private limited companies, so the companies limited by shares have recorded a phenomenal growth, the number increasing over 6 times from 29 357 at the end of 1956-57 to 1771 238 at the end of 1988-89 and the paid up capital increased over 48.5 times from Rs. 1.078 crores to Rs. 52,287 crores. The growth of Covernment companies was observed to be much faster than that of non-Government companies according to the paid up capital.

Sizewise the largest number of companies in non-Government were registered in the size group of Rs 5 lakhs to 10 lakhs, the next group of Rs 1-5 lakhs followed by the Rs 10-25 lakhs."



199 non-Government companies were struck off due to equidation or otherwise

An amount of Rs. 1,389.4 crores was reported to have been raised by the non-Government companies in the year 1987.88

A net of 1,76 104 non-Government companies were at work in the country 19,013 public limited and 1.57.051 private limited.

178 non government non tanancial public limited companies delivered to the Registrar copies of prospectus under section 60 of the Act for raising Rs. 1,663 crores

Complaints received during the year 1988-89 in 4.933 cases primarily pertaining to non-payment of public deposits, non-payment of dividends non-issue of share certificates non-receipt of dividend warrants non-registration of transfer of shares non-receipt of balance sheet and management.

6.724 applications were considered for approval

- (i) for appointment and re-appointment of managing, wholetime director,
- (ii) remuneration payable to the abovementioned
- (all) permission to waive recovery of excess payment retainfable by directors,
- (v) increase in maximum number of directors
- (v) appointment of relatives of directors who hold office or place of profit under section 314;
- (vi) appointment of Covernment directors in case of oppression or mismanagement; and
- (vii) change in provision relating to appointment or manager al persons and directors



TABLE -- 4
PROSECUTIONS FILED FOR DEFAULT

Sections of Nature of Defaultone Act., 1956		Nature of Default	No of cares during 1988-89
1	220(3)	Non-filling of Balance Short with the	
		Registrar of Comparties	4,262
2	162	Non-filing of annual returns with	
		Regulzur	3,416
3.	168	Non-holding of Annual General	
		Meeting	576
4.	210(5)	Non-laying of annual accounts in	
		Annual General Meeting	529
5	614(A)	Prover of the Court directing filing	
		of documents with the Registrar	234
6	58A	Acceptance of involution of deposits	
		not an terms of rules	99
7	551	Non-filing of statements containing	
		information relating to liquidation	38
8.	Rule II of	Non-filing of anual returns of	
	Acceptance	deposits	
	of deposits		35
9.	234(1)(4)	Non-furnishing of information	
		explanations called for by the	
		Regestrac	15

The report states that so far 35 cost accounting record rules covering 52 products manufactured by various classes of companies were notified 610 cost audit orders under section 233 B(1) were issued during the year in compliance of such orders during the year and the previous year 415 cost audit reports were submitted by the cost auditors. On the basis of the review of these reports matters relating to deficiency in the maintenance of cost accounting records, lack of inventory control and under-utilisation of capacity due to controllable causes were taken up with the companies wherever necessary for taking appropriate measures. Reports were also sent to



respective administrative Ministries in respect of issues relating to under utilisation of capacity and high profitability of individual companies for remedial actions wherever necessary in al. 567 applications for approval of appointment of cost auditors received were processed. 206 companies were liquidated and the total number of liquidated companies as an 31,359 was 4,484. While 69 companies were declared defunct and struck off.

It may be recalled that the total plan outlay in the first five year plan was to the tune of Rs. 2.356 crores as against the total estimated outlay of about Rs 600 000 crores in the eighth plan period. This increase in total investment was not supported by corresponding increase in production and productivity. As a result, the spiral rise in price due to inflationary pressure. on the one hand and the propens ty to consume in a developing economy made the people to spend for consumption Increase in wages is no compensation. Of course, the spending habit make the people to resert to corrupt practices whether in employment or in business. Thus the responsible persons in corporate sector do not behave responsible and also do not establish themselves exemplary before the employees. The desire for more and more pomp and splendour manifestation of wealth is the sophistical on for the display of prestige symbol becomes the corporate culture. The individual objectives subjugated the corporate objectives and the empire building crops up. This is because of the fact that the corporate responsiveness. ts not made equal to the national responsiveness. Ail the facets of corrupt practices foom large to engulf the national character. The musaic of inversity in the national economy and integrity starts to disintegrate with crack Regional imbalances are gearing up. The economy trads behind providing more scope for immoral antisocial and corrupt and alcoholic activities

Impact of corrupt business practice

The corporate body endeavours to remain in business when business of business is the business. The management manages to get business not by establishing the quality but by anthuencing by means of CONTR B. HON, presentation or by some other unfair deal which involves cost. This cost is then shifted to the consumers who is charged both in quality and in price. When consumerism becomes the slogan of the modern marketing concept this is more protected by breach.

Instances of functioning of municipal corporation, public works departments by contractors in road repairing, building construction through tender involving influencing postically and payment untains keeping some margin for subsistence may be cited when the contractor is on the one hand



compelled to pursue unethical means to finish his job. The result is not far to seek. The faulty construction or repair work lead to the sudden collapse of the construction and potholes on the roadways make it imperal ve to effectuate accident leading loss of life wastages etc. Now if the corporate body functioning as the contractor for the purpose is crowned as efficient in getting the business can we not observe that business means unethical immoral and illegal activities?

In the name of sales promotion or employees welfare when liberty is given to the business executives to draw money and spend and entertain for alluring the person at the point of power with the motive of getting some taxour or not does it not entail an impact on the working capital with a builden to be shifted ultimately on the consumer?

Again raw materials are purchased not in conformity with the requirement and specification but on following the personal requirement which results in the inventory involving carrying costs customer compaint, need on —a wasteful exercise at a social cost providing for ego satisfaction.

Thus the faults what could be ant cipated were codified and checks and balances were provided by the legislative measures. But the aforesaid detailes which are more in number and where hes the weaknesses of the corporate bird as remain uncodified. Moreover pursuasion of corrupt practices magnified in terms of efficiency desails of ethics are the mainise of the corporate bodies.

The tragedy lies that a person who has been robbed seeks help by shouting robber while the robber also shouts 'robber'!

The social responsibility is to identify the robber and purish

Ethics defined

There may be a question what is ethics?

Fithics is the science of morals. It holds a balance between the forces which disrupt and those which unite. During our evolution towards civilization we consciously or unconsciously developed code of morals. Morale are sets of rules of behaviour whether for a group at a certain period or in an absolute manner at any time and place. In an absolute manner, murals apparently cover basic objective and perspective ethical concepts valid for all and are based on religious precepts and or natural laws.

Morals may be social intuitive and re-gious. The only measure of good or bad morals is the good of society. But in order to have one ethics which

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excludes another there must be a dominant social class and an author to which proclaims and imposes it. A chied for example instinctively and naturally speaks the truth. Unfortunately if is we ourselves who according to our convenience teach it to tell lies often under the threat of punishment.

Socrates taught ethics

not to wrong anyone to keep our promise to respect our parents and masters

At that time the society appeared to be not so adept as to make a sophisticated, factful strategic and efficient to establish right thing wrong and wrong thing right thereby a polluted society. Nietsche opined—mora e were invented by the weak in order to conquer the strong Power domination and war are the supreme virtues. Only the strongest and fittest should survive. Socialism and democracy are the weaknesses, the morals of the flock. The Nazi Philosopher proclaims, the world belongs to the oppressors.

But the history has shown us that the society which does not constitue a code of ethics and which tolerates corruption will cocapse.

Definition of corruption

The Latin word Corruption means breaking down tearing resulting in the disintegration of an individue.

Corrupt and bribery find expression in Dante's Divine Comedy Bribery is where "no" becomes changed to "Yes for money 10" of helis reserved for the corrupt

"The greed for money and relinquishment of code of ethics motivate people to turn to political radicalism and polarisation of society where 30% of society have a regular well-to-do and glamourous as well as splendourous life carrying the remainder with lack of education, mainting and diction, etc.

It may not be incongruous when some believe that men at bottom of Maslow's Need theory will respect ethics.

Corruption in corporate sector finds its manifestation in bribery which is defined as betrayal of trust improperationly influencing the performance of

Ethics and Corruption in Purchasing by Mr. Herbert I. Stukari. Published in The Materials Manager. Journal of J.M.M.—Yol. 16. No. 1. page 29: 1990.



an employee. The nature and extent of corruption varies with the degree of economic development of a country poorer the country greater is the corruption.

Peter Baver observes. Under-developed are those countries whose political system is KLEPTCX RACY robber of the public by the political class."

It is ready amosing to consecture that the competition of corrupting and being corrupted is increasing in a geometrical progression while the vehicle i.e. the men belong to a religion which proclaims morals and ethics like 'Satvameva Jayate'

Corruption is a global phenomenon, PAC1 NOACK (Book on Corruption at Zaine ex Beig an-Congo, identified the following types of bribery

- Removing incriminating documents of acts
 - Improper use of official paper and stamps
- Forcing hearings with Ministers
 - Letters of recommendations (without foundation)
- Purchasing jobs and trading licences
- Guaranteeing employment
- Taking advantages of prohibited privileges
- Obtaining (unnecessary) foreign travel
- Appearing on the pay roll without working
- Distribution of scarce merchandise
- False invoices
- False profit statements
- Tax evasion
 - Obtaining foreign currency from import and export (only paper transaction)
- Fraudulently taking money from the State in various ways.

There is no doubt attraction for obscene. The culture which flourishes on the sacratice devotion and dedication comes to a halt and forlow a downward curve without determination irrespective of any ism'

^{*} Fither and Corruption in Purchasing by Mr Herbert L Stukert Published in The Materiasis Manager Journal of I M M-Vot 10 No. 1 (page 29) 1990



The Newspaper BOSTON GLOBE published on 14.1.84 the following

MOSCOW—Two Soviet trade officials dealing in technical equipment for electrical power station were executed for "systematically taking big bribes", the official Tass News Agency announced yesterday. The death sentences were the latest move in the anti-corruption drive. The two officials were executed after the Supreme Soviet rejected their appeals for elemency. Tass said (AP)

Black money which runs parallel economy in a developing country gets its foundation through concrete construction of corruption. Control of which could assure within the same budget double the amount of roads, schools, hospitals on the one hand and the consumers could have been provided relief by slashing prices from 2 to 20% according to the nature of manufacturing industries. In the process more job creation and provision for better investment climate could have been made available and the lax evaders would have proclaimed Good bye.

The corporate sector has four mutually interdependent branches Capital sts. Employees, Clients and the Community each one of which must be satisfied by means of dividends, wages, suitable products and through taxes. With the let loose corruption in the corporate body it makes impossible to increase the wages of honest employees in addition to the flagrant injustice of only the corrupt being able to emoy an extra income. The amenities of modern life is at the finger tips of the corrupt business executive who finds his assets much beyond proportion of his income which of course with the patronisation of the corporate management by means of planned corruption thereby seeming no difference between Company's or Nation's interest and their personal interest.

Poet Rabindra Nath Tagore in his poem expressed that the wrongdoer and the person who tolerates the wrong are equally guilty. Even then the number of crimes or wrong goes on increasing. This establishes the change in attitude towards moral and ethical standards which portend danger to the society for its peaceful prosperous perpetuity procrastinating the growth of generation.

The publication of defaulters in payment of income tax in the leading newspapers repeatedly naming the corporate bodies does not cast any aspersion or despise on the corporate management or reflect in the fall of share price rather it goes a long way to focus the modern corporate business culture. The malaise is immanent as a social evil.



In this connection, bribery consist of ready cash or a leasing of cars, the leasing contract generally has the same term as the contract made with the person corrupted shares and subscriptions of expensive clubs, travel payments, payment of hotel bills (vacations), jewells for the corrupted person's wife or relatives marriage and large value presents (cars, TV etc., Of lare sex has become another item in the list of means to corrupt and get favour

At the outsel conscious pricks, but when seasoned, it becomes a routine affair and the corrupted feels that his liability is to his family and friends. The corporate body or the State only exploits by inadequate compensal on or taxation and cannot deserve loyalty and finally the publicians divert it to their pockets.

Of course, invitations to lunch, dinner, visits to factories, etc., are customary and acceptable within the norms developed by the corporate culture

* From the research of the Illinois Institute of Technology the research results are set out in the Table below

TABLE — 5
ATTENTION OFFERED

(In percentage)

	Offered by Selesmen	Not considered unethical	Accepted new aidass
Lunches	48%	90%	Raw.
Propaganda Souvenire	96%	92%	82%
Distres	90%	70%	78%
Paid excursions	E3%	51%	34%
Tickets (Carnes, Theatre etc.)	86%	60%	19%
Dronies	65%	29%	WY _H
Small household electric appliances	33%	6%	5%
Large appliances, cars. foans, etc	3%	1%	_

^{*} Ethics & Corruption in Purchasing by Mr. Herbert L. Stukart Published in Vol. 10, No. 3, J.M.M. in the Materials Manager (p. 31)



The corporate sector provides for satisfiers for the society which justifies its existence as an entity in the society But its malaise always tends to break the chain Regulative measures say under section 15 of the Industries (Development & Regulation Act 1951 provide for investigation if there has been or likely to be fail in volume of production deterioration in the quality of production or rise in the price for which there seems to be no justification or to conserve the resource of national importance or the management is highly detrimental to the industry

Such investigation culminates in taking over the management under section 18A of the said Act by the Government which may also take over without investigation if satisfied that the persons in charge of the industrial undertakings have by reckless investment or creation of encumbrances on assets of the industrial undertakings or by diversion of funds brought about a situation which is likely to affect the production of articles or the undertaking was closed for a period of not less than three months (section 18AA of the IDR Act. 51) Section 18FD provides for selling such undertaking as a running concern or to prepare a scheme for reconstruction after a maximum period of 17 years (initial 5 years with renewal of two years at a time subject to a maximum period of 12 years).

It is an acknowledged fact that dangers are not always apparent and they are in any case extremely difficult to measure. This makes it wrong and risky to imagine that they are not important. Again there is a gap between public rhetoric and actual performance in relation to the general management function and to political responsibility.

It is a peculiar characteristic that corporate management in private sector allows Government intervention since corporate public sector can only run business at a loss. It is often argued that Government and business houses get further intermeshed their mutual need for secrecy and collusion will grow because corporate managers toe the same line as the Government servants with whom they negotiate.

Section 36A of the MRTP Act, 1969 prohibits falsity involved in promoting sale of goods or services as unfair trade practice which causes argary to the consumer and restricts or eliminates competition

Competition in the market economy provides qualitative and quantitative supply of goods at a reasonable price which ensures better consumption and standard of living to the consumers—citizens of the welfare state



But the competition is distorted by the corporate bodies and to combat it the remedial provisions have been made in sections 21, 22 and 23 of the MRTP. Act by preventing concentration of economic power of the Big Business houses/Dominant Undertakings and also in section 31 of the Act by prohibiting Monopolistic Trade Practices to eliminate the unreasonableness and impurities in the market while section 33 deals with prohibition of Restrictive Trade Practices distorting such competition. The provisions under sections 20 to 26 under the MRTP Act have since been amended & omitted

The Government machinery entrusted to be the custodian of Consumers' Protection for social satisfaction is not above board. Time and again the authorities approach immense problems malaise either with computance or blindness.

Such disbelief when attributed the authority to govern itself is brought into question. On the other hand, corporate managers are more and more confused with the interplay of profit oriented philosophy and management by objectives or by exception.

Business and total quality management

The price of such confusion in objectives, responsibility and accountability is impossible to quantify where systems are allowed to grow in poor economic performance with discontent and cynicism. Nevade Abraham described this state of affairs as no men's land with a Govt by cosmetics.

"sound business principles" and "prudent commercial practices" Business as a matter of routine are supposed to keep proper accounts showing a balance sheet, profit & loss statement, distinguishing capital and revenue expenditure. It must take precaution to ensure that there is no window dressing and adequate depreciation has been provided and no dividend is declared out of capital and also ensure that neither the hypertension nor low tension persists in the corporate body to sustain good health. But sound business principles go beyond these and sometimes these cannot be put down in black and white. It covers qualities such as integrity fair dealing, effective

Big Business and Govt. The New Disorder by Neville Abraham. The Bowering Press Ltd...
 Plymonth (p. 165) 1974

Fithics in Business by Dt. N. G. Chowdhury, Published by Calculta Management Associations. (pp. 21-24, 1988)



servicing, absence of bad faith and maipractices in the management. This is a code and ethics that professionally managed socially consumer oriented responsible quality conscious company must value and revere. In other words, this fosters belief in dignity of human resources.

Prodent commercial practices take the sound business principles a step further. It deals primarily with management enlightenment. Management must create the right ambiance for efficient performance of the organisation. It must maintain good and harmonious relation between workers, management shareholders, and the public at large.

These two concepts have been provided under section 233A of the Companies Act in connection with ordering special audit if the Govt is of the opinion that the company is not managed complying with the sound principles and prudent practice.

Sachar Committee perhaps vasualised the role of 'Government by Cosmetics' and recommended that the provisions relating to special audit in section 233A have hardly been made use of and are redundant and should be deleted. But it is gains aving that prudence and soundness solidates in social acceptability the degree and extent of which is revealed by social audit

Chapter 4

PRODUCTION—POISONING THE FOOD—A BIG QUESTION TO HUMAN EXISTENCE



Chapter 4

PRODUCTION—POISONING THE FOOD—A BIG QUESTION TO HUMAN EXISTENCE

Of course her eat to live and not that her not to eat But the realize demand is the basis for production and productively to ensure better standard of frong

The rice wheat doe organizes card front descent we take a sur meals. The had ladded prescribes the balanced diet with 2006, morses daily to keep from and healthy. But along with it we consume daily half a missgram of an of the most tradely used to in perturban a the country. Inchino Diphenyl Traditional hand endowalts. This percent danger not a unionly but to the balance the posterities. These perturbes expose to the east of heart danger brain hidrony rate and even ancer be use are not in a single processing expect to be east of personal and production to be a comparation of the input of another but its consumption portends the new table danger.

Corporate self is selfless as would be apparent from the definition since the individual selfest constituting it loose its identity although the corporate self has to grow prosper with maturity with a social self. Thus corporate life contributes for the sustenance of individual life for a better sixual life. The production and productivity is made keeping in view the requirements of individual life. The substances the life emoys, the chemical—both organic and inorganic reactions it undergoes and the gaseous envelope where it grows and goes assume to be an important area of study if the individual life is threatened by the productive units which provide mater ass—physical chemical or gaseous for its consumption, the corporate life is placed before the suspicious eyes of the society for an assessment for its future continuance at a social cost which drag the society for a far reaching effect but its repercussion is felt generation after generation. The concept of capital investment and profit maximisation then become of no avail but to cast aspersion on the produgalities of the industrialised society.

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Chemistry of body

Naturally curious enough the question arises how life originated? Ancient thoughts provide that life generated spontaneously from non-living objects.

experiments which according to him once and for all sounded the death knell of the idea of spontaneous generation. Pasteur told the French Academy that never will the doctrine of spontaneous generation recover from the mortal blow it is an orderly sequence from the atom through small molecules and large molecules to a replacing system which is the basis of all forms or life in the history of our planet.

Advances in bio-chemistry have demonstrated the importance of nucleic acids and proteins as the basic units of life

Bio-chemists thus have arrived at a conclusion that the life must have had a common chemical origin. So it may be viewed that Darwinian evolution of modern Biology can be supplemented by another form of evolution, viz., chemical evolution.

It may be observed that Darwin placed at the root of life a primordial germ from which he conceived that the amazing richness and variety of life now upon the earth's surface might have been deduced. The human imagination would inta libly took beyond the germ and would enquire into the history of genesis.

Biological evolution logically leads to chemical evolution of life on earth. Darwin formulates how in some warm pond with all sorts of ammonia and phosphatic salts light, heat electricity, etc. present that a protein compound was chemically formed ready to undergo still more complex changes".

Analytically, the taw materials for the chemical evolution are found to be deposited in the Sun-composition of which as is available from the solar system is

- (a) Hydrogen
- (b) Oxygen
- (c) Nitrogen
- (d) Carbon

as the most abundant elements apart from hebum

Chemical evisition of life by Cvril Ponnamperuma (Fages 43 to 46) of Science Today.
 April 1982 Printed & published for Benefit Coleman & Co. Ltd., Bombay 408 067



In order to have the organic compounds some amount of energy is needed. The sources for the energy are also innumerable, viz., ultraviolet light from the sun electrical discharge cosmic rays iunising radiation from factor-active species in the earth's crust or from those dissolved in the ocean and shock waves generated by meteorite impact, etc.

The energy thus helps in putting together the smaller molecules into larger molecules, viz. Proteins and Nucleic acids

*Cyril Ponnamperuma in his "Chemical evolution of life" projected

Atoms (Source primitive atmosphere) Hydrogen drain Water Ammonia and Methanes Carbon (from Methane) Notrogen Ottom Ammonia Oxygen strom Water Energy Ultraviolet Light Electric Discharge forming Radichur Heat Mosecules polymere synthespect synthesised Aminoands l'instrute. Parine Pyrimidines Carbohydrates

F.g - 5

Chemical evolution of afe by Cyril Ponnamperuma what was the Earth like before life began—Published in Science Today April 1982 Vol. 16 No. 4—Beneti Coleman & Co. Utd. Bombay



Synthesis of organic compounds on the primitive earth

TABLE - 6

Compension of	the Sun
Element	Per Cent
Hydrogen	47.0
Heisum	(29
Osygen	0,025
Natrogen	0.02
Carbon	0.01
	99.955

New discoveries, developments always contribute to the unfolding of a magnificient and mysterious universe with our fellow animals, plants, etc., all living objects and their survival

The crux of the problem is that the individual life is to be maintained with health and with his sound health brain and brawn will be operated for a prosperous varied and magnificient life so as to emblazon the quality of life through ages of civilization.

This calls for more and better production so as to evolve better productivity in human aspect and on the other hand this also calls for the better production in the plant and animal life

The growth of population made the human ingenuity to ponder over the impending need for grow more food so as to improve the better standard of living with necessary properties in food like vitamins, proteins, acids, etc.

Individual health with corporate help

The corporate life did not lag behind to cater to the needs of individual life with the individual ingenuity to grow more food. In this campaign of grow more food to meet the crying demand of the millions the question of mass production was the pivot. The constraints of insects, shrubs intertility, conversion of non arable land to arable one breeding and development of animal life to provide for animal protein and also to provide more vegetables—plant life free from insects had to be reckoned. As a result the



corporate life started producing pesticides with the objectives for better ROI—return on investment more production more sales, better wages for employees, better price, better dividend which can be accommodated with better profit.

The objective of better production for better consumption is achieved no doubt. But the question arises about its reaction. Every action has got its similar and opposite reaction. That is not far to seek. The result is impending.

The physicians prescribe balanced diet so as to maintain the physique properly and to sustain the human efficiency

As a matter of fact, the normal meal of an individual include—rice chapati, dal vegetables salad tomatoes with carrot and cucumber in order to add glamour to the lunch or dinner sometimes curd or sweet and a trul dessert a banana or an orange is provided. The ideal figure of 2200 calories daily is taken care of

No national government can allow its people to starve while it strives for the ideal calorific valued food to its people to honour better productivity.

The introduction of Minimum Wages Act was legislated so that at least the body and soul can be kept together as otherwise the corporate life which provides shelter to the individual life in employment has no right to exist with the social life. The standard of life depends on the capacity and propensity to consume.

It is therefore, obvious that the pesticides used as a producing means, the individual along with a wholesome meal about half a mill gram of two most widely used toxic pesticides. Viz. Dichloro Dipheryl Trichloroethane (DDT, and Benzene Hexachloride (BHC) are consumed.

No doubt these are permissons for the health and hard to stimach. This aggravates not only the adults whose resistance power of immunity is more but also the babies the future of the country and the next generation to carry the pride of achievements and the follies of the predecessors.

So the chapati rice, dal. vegetables meat fruit and even milk now pose a threat not to us but to the babies too



*Survey was conducted and it was shown that Indians are daily eating food laced with some of the highest amounts of toxic pesticides residues found in the world. This obviously exposes them to the risk of heart disease, brain, kidney and liver damage and even cancer.

The babies suckle the breast milk where pesticides are deposited as it could be detected in cows and buttales. The results of the studies revealing these aspects are frightening.

Baby foods often are found in a ready made way in modern merchandised concept of modern marketing which too are often found contaminated

In the opinion of Dr. K. N. Mehrotra. President, Society of Pesticide Science India, New Delhi, "We are not only slowly poisoning ourselves but jeopardising our luture generations too.

For the mass of Indians, the threat from imbibing small doses of pesticides in their daily bread is more difficult to quantify. These pesticides poison the body slowly. Most of them are made by rearranging atoms of various elements like carbon, hydrogen and chioride into toxic molecules. These usually attack the nervous systems of the pests, first paralysing and then killing them.

This can be very simply illustrated A question why human beings while working get tired or fatigued featured crucially in the industrial activities when laboratory experiments and tests revealed that the human beings consume carbohydrates which white working is converted to sugar a source of energy. The sugar with passage of time is converted into glycogen which again is converted to carbon di-oxide leaving an impact on the nervous systems when the human body feels fired and in course of time with persistence a feeling of fatigue encompasses the body.

This was first experimented on the muscle of the body of a frog by electrodes and the graptucal representation while starting with considerable ups and down ends with a straight line.

Thus during the working hours for eight hours a day the arrangement for providing a tiffin break with provision for tiffin for the workers who

^{*} Poison in your food-Published in India Today June 15, 1989 by Ra; Chengappa & Chidanand Raighatta



were working in the industry and somewhere in the office were felt badly. Necessary statutory provisions in this regard have been made in the Factories. Act, 1948 also

When a man swallows chemicals like DDT and BHC they are absorbed by the small intestine. These then adhere to the fatty tissues—the storehouses of energy that are distributed throughout the body and account for help (ten percent) of its weight. The toxins usually gile up in the fatty tissues of such vita organs as the thyroid heart kidney liver and mammary glands and the testes. They leave an impact in the embryo stage of mankind. These are transferred from the umbilical cord blood to the growing toetus. Again the babies receive the same through the breasts. It is be leved that the body can store about 50 to 100 milligrams of a wide variety of these toxins.

A series of tests were carned out at the king George Medica College (KGMC) and the Industrial Toxico ogy Research Centre (ITRC) in Lucknew by spraying DDT and Malathion regularly on workers. It was noticed that 50% of the workers developed psychological symptoms like ansiety sleep disturbances—insomnia and depression. Complaints of severe headache was also in common. Loss of memory, whistling noises in ears, flashes of coloured lights and refinal damages with bourned vision and black dots in front of eyes were also reported.

Even such complaints were reported by the villagers who are food after taking the foodgrains from the area where farmers in order to preserve the same applied BHC ignorantly

No doubt those who are not exposed to the use of DDT or BHC may develop such ailments. But the studies of the Institutes (KGMC, will establish the link of blurning the vision or a heart attack to signs of pesticide poisoning.)



Growth of USAGE of Pesticides

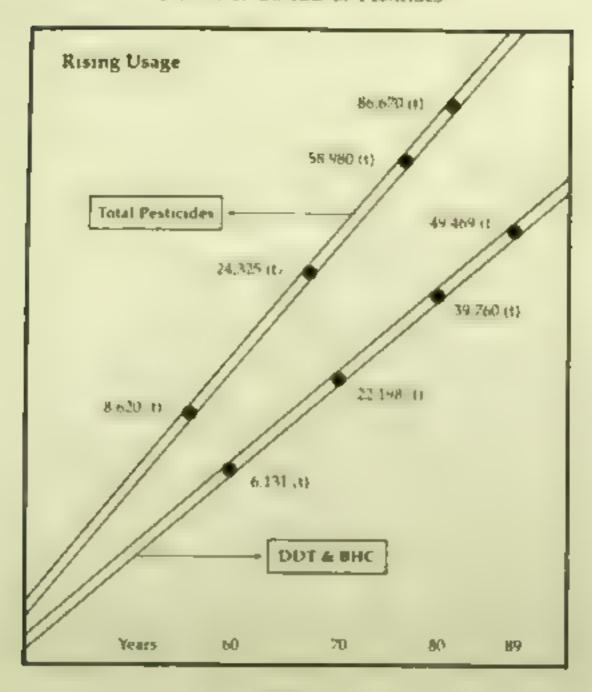


Fig = 6

Source Study of Dr Rajendra Kalra Project Co-ordinator, FAO study & Sen or Toxicologist at Punjab Agricultural University in Ludhiana, Published in India Tiday June 15, 989.

Study of Dr. Rajendra Kaira, Project Co-ordinator FAO study & Sr. Toxicologist of Punjab Agricultural University in Ludhiana. 1989



Women giving still both babies were put to tests at Hyderabad. In their blood tests a high deposit of DDT and BHC were found in their blood. And it has been concluded that the residues of DDT and BHC may inhibit normal pregnancy. Even a question arises whether these residues carry the cancer inducing substance since the breast tumours were analysed by a Marathwada Agricultural University. Maharashtra and found that all of them contained high content of DDT and BHC in the tissues.

A visit to a neighbouring sweet shop will unearth that many sweets are made colourful, presentable and attractive. The use of colour in food or edibles is gaining momentum. In summer the pedestrian in order to quench the thirst at the outset calls for an ice cream-seller to fetch an ice cream which is obviously of colour. It is colourful But the tragedy is that there is colour only to become a fool. The bartis, gulab jams are not sweet as they took. Many of those brightly coloured dies are made from harmful compounds which cause kidney damage, eye detects and even affect the reproductive systems. The following colours are made with misused dies viz orange blue bright green and red

We often say variety is the spice of life. While eating the use of spice is very common and it is essential as cooking medium to make the disher dainty. The efficiency of pudding is in eating. In order to make the cooked food look attractive spices are used when the main focus is on making it tasty. Sometimes it has been found that prohibited dives are added with turment and chilli powder.

The cooking medium in most parts of the country is oil Rather mustard oil is widely used for cooking food. Apart from the fact that it helps in cooking without any odour and that it has fat which is hygienic. To that extent it is widely used with the benefithat it possesses the properties which are safe.

Uttar Pradesh in India is one of the important mustard producing State which supplies to other states mustards as well as mustard oil. Once there is any botheneck in the producing of mustards and consequently the mustard oil, the whole country is confronted to innumerable crisis resulting in consumer dissatisfaction. The business sector capitalises this aspect to find fortune for themselves. In sample surveys it has been noticed that the nil has been subjected to adulteration with linseed and the highly toxic argemone oil.



Argemone on the other hand is identified as poisoning agents which causes swelling of limbs, nerve damages, heart attacks and blindness

Instances of catastrophe in the use of rapeseed oil as cooking medium as a substitute to mustard oil is also not uncommon. The practice is to use the rapeseed oil duly refined. Instead, the consumers purchased the rapeseed oil, consumed it and were found their limbs paralysed. The rapeseed oil scandal at Behala in Calcutta witnessed such inhuman treatment meted to the human beings. Paradoxically, the rapeseed oil was being sold through the Government Controlled Ration Shop and it was subsequently found that the oil was adulterated. Apart from the loss of life, the consumers who were turned to be physically handicapped had to be treated at public cost, i.e. by the Covernment. Then the question of rehabilitating them is not only a socio psycho problem but a question to be probed with its consequences on the future posterities.

The problem has been aggravated by the use of heavy metals in food Lead, cadmium manganese and nickel are known as heavy metals in an All India Survey it has been noticed that the food and drinks were contaminated with such heavy metals and the obvious consequences is health hazards.

It has been suspected that some of these metals are contained in the pesticides

It is a matter of daily practice that the industries release their wastes and effluent to the rivers. No doubt, our civilization is river based and most of the ancient civilizations when analysed were found to have developed on the bank of rivers. Such is the Indus Valley civilization. Gangetic Civilization. The two important elements viz. water and air consisting of hydrogen oxygen are mainly concentrated on these free gift of nature Industrialisation paved its way with the help of these ingredients of factors which are abundant in supply so as to deduce the economy of the operation of the industrial system. Thus the economy of the economics started bringing peril to the industrial corporate and social life by the irresponsible behaviour of the industrialists. Of course, every coin has got two facets. We cannot have only one facet. Every system should follow the positive and negative contributions. Industrialisation is a must. So we cannot have a choice of Industrialisation minus the negative contributions of it. The scientific approach provides for a treatment of the negative contributions.



The unscrupulous, irresponsible behaviour of the individual both in the private and corporate life discharges the untreated industrial effluents indiscriminately into rivers and fields. Again the exhaust tumes of the automobiles when contaminated in air, the air becomes polluted. The air we breath and the water we drink bear the compound containing lead and manganese. As a result the air and the water which are also the prime agents for production are found to be the base of settlement of heavy metals which poison the food and the drink.

There is of course tolerance limits of inhaling or consuming such heavy metals which are inescapable. Again the tolerance limits may change in course of immunisation. But in any way after certain point or level the inevitable consequences, namely mental retardation in children, nervous debility, impotence, blindness and even death become imminent

Use of such contaminated food and drink makes the individual exposed to unnecessary evils of life—physically and mentally when the sensory organs, viz., eyes, ears, nose skin and tongue become susceptible to be affected and the manifestation is in the loss of weight, wearness, fatigue, nervous debility, damage in heart lung, kidney and mental debilities. A sphere of tension and anxiety prevails. The physique of an individual is based on glands. The course of nature provides for the glandular secretion with stimuli. As a result of the tension and anxiety with the consumption of food causes either more secretion where it is not needed and less secretion where it is needed. The obvious consequence of loss of individual efficiency resulting in corporate inefficiency makes it less operative giving to use to weakness effectuating a premature end

In our country consumer protection is a new concept. Hardly adequate steps and measures have been taken to protect the interest of consumers.

The concept of Caveat Emptor is the most predominant and prevalent concept. Purchasers need always beware. In an industrialised society when demands are most created one producers make it imperative on the consumers to accept it. Consumption becomes an imposition of the industries. The pattern of consumption thus changes with the desire, caprice or whims of the industries.

The marketing concept has gained a new dimension. Merchandising the products with its shelve life made it possible for making the supply of the product perennially without any decrease in its use value at a determined



price. The question of introduction of standards in relation to weights and measures was badly felt particularly in the inter-state trade or commerce. In the post independence period an essential piece of legislation for consumer protection was enacted, viz. The Standards of Weights and Measures Act, 1976. This corroborates that efforts to strengthen the national economy the legal metrology was introduced conforming to international practice extending to three broad human activities, namely, commercial transactions, industrial measurements and measurement needed to ensure public health and human safety. It protects individual from financial and environmental points of view. It envisages proper control on the accuracy of measurement carried out in industrial fields so as to ensure interchangeability of particulars and components with a view to permitting mass production of machines and its parts and accessories.

In order to keep pace with the modernisation in merchandising the commod ties in packages. The Standard of Weights and Measures (Packaged Commodities. Rules. 1977 was framed under Standards of Weights and Measures. Act. Rule 4 provides for certain declaration on the package. The framers of the rules anticipated that there may be variation in weights and measures on account of environmental or other conditions and as such specification for disclosure e.g., percentage of alcohol content, the fat content and the nutrient content has been made in respect of alcohol bread, butter and fruits, etc.

The advancement of Science and Technology has made the widespread use of plastics and foils to pack food products including milk etc. This is sometimes called plastic or polymer civilisation. Sometimes dies for printing and adhesives for packing are used. It is now a very big question whether the host of preservatives and adhesives used in the growing instant food industry is really safe from the point of view of the consumers or harmful. The biodegradation aspect of the foils also poses a big question.

The prescription as per Act embarks upon the identification of the product its weights and measures and its efficiency by manufacturing date and expiry date the price, etc., among other things keeping a silence in respect of container of the things contained.

Reverting back to pesticides, resteration may be made with regard to the urununity of the insects. It has been noticed that the spraying of Baygon Spray to kill the mosquitos at the outset witnessed a successful operation



for a good sleep in the night without mosquito nets. Now-a-days a spray for once is of no avail, expenence says. This may be testified that India was a field for malaria. The use of pesticide helped checking the spread of malaria in the country on the one hand and augmented the food production in rural India. As a consequence malaria cases dropped from 75 million a year in 1948 to barely 50,000 in 1961. The production of the quinine factories had to lower down because of less requirement in the domestic market. Needless to say, that by the end of eighties, malaria cases are on the increase. The hospitals are getting patients of malaria whom they admitted for treatment of other diseases. So malaria is now staging a come back with its increased resistance power and it strikes to two million people years.

India had primarily an agranan economy it was mainly based on agriculture Agriculture was the football of business. Nature is not niggardly India is described as a ventable darling of nature—a country nichly watered richly fruited and verdant with crops. So a country which was a grenary was confronted with the menace like a spurt in the growth of population which was added with the influx of refugees from the erstwhile fast and West Pakustan. The humanity demands along with human rights the minimum food. Land as a factor of production is characterised by its limited. in supply, hetrogenity and governance of the law of diminishing return. So the impending necessity in the post independent India was to augment production of food for the millions and to see that none in Free India die in starvation. The penacea is to explore the scientific and technological innovations with the prescription of Schumputenan thought to hight the menace. It started noticing that Chemical War was launched for producing crops of high yielding variety sometimes in the Sixties. Land which yields a single variety started producing two or three crops. But the succeptibility to vulnerability to pest attacks of the crops could not be ruled out. There is no denying the fact that at present pesticides protect around 80 million hectares of crops or half of the country's area under cultivation. As a result consumption of pesticides has risen tenfold in just three decades and is expected to cross 80,000 tonnes. Statistical data reveal that India ranks largest. manufacturer and consumer of pesticides in the South Asia. About 350 companies are engaged in the production of about 203 varieties of different formulations and 131 different types of pesticides. It is often sarcastically remarked that the Government is the largest "peddiar of this dope"



Of the important manufacturing companies of the pesticides. Hindustan Insecticides in the public sector manufactures DDT the country uses while Hindustan Organics another public sector company produces BHC which account for one sixth of the total production in the country.

*Despite the proliferation of pestic des DDI and BHC still account for 50,000 tonnes or two thirds of the total consumption in the country. This wide use of pesticides is because of the fact that these are 10 times cheaper than most other pesticides.

Again these are easy to handle and attack a wide range of pests. But the disadvantages are also ubiquitous and mu tidimensional. Once sprayed they do not degrade easily and can persist in the environment as ling as 20 years. So the soil stores preserves and transmits. The groundwater becomes pulluted affecting trees and wildlife and the edible crops. The reservoir that is the soil which is the soil of the agricultural production becomes sinned than a sinner.

The growth concept admits the concept of the gestation period. The use of pesticides for augmenting food production vicariously was the cause while the explosion of pesticides started coming home in the eighties i.e., after 2-1 years from the sixties and has posed a serious threat. The Food and Agricultural Organisation. FAO: a wing of the UNO conducted a sample survey and in their findings it was reported that almost all the samples contained DDT and BHC. Every system develops safety devices which is an in built one. Once adulteration or contamination starts the safety limit of tolerance limit is also fixed because it is inescapable. Every market basket if surveyed will lead to the most inevitable finding that about 1.2 percent of the food samples have residues above the tolerance limit or revel

It has been revealed under the Global Environment Monitoring Programme sponsored by the UN that in India where pesticide residues in human breast milk provide an element build up in the body. The fat content in the breast milk is high and as such it serves as a reservoir of the pesticide residue. It has been observed that the DDT and BHC residues in breast milk of Indian Women are four times higher than other countries from where the samples were drawn up. As a matter of fact, babies consume this breast milk and succumb to the evil consequences.

^{*} Statement of Dr. S.P. Dua-Chairman of the Public Sector Hindustan Insecticides



Widespread spraying of DDT seemed to inhibit the reproductive ability of the birds. In human DDT was also associated with nerve and brain damage. Animal studies show a clear evidence that application of BHC cause spontaneous abortions and leading to severe liver and kidney damage.

Frightened with the dangers a few developed countries switched to safer pesticides like synthetic pyrethroids which degrades rapidly and cause less harm to the body but selectively it kills the target pests and the residue levels have dropped in foodstuff.

It was also noticed that the BHC consumption causes high blood pressure severe heart damage and blindness. The Central Food Technology Research Institute at Mysore administered DDT on rats and found deform hes in the skeletal structure.

Folidol, I k 20 and Fillit are a few brand names of pesticides. The agricultural production is often exposed to the problem of pests attack. The quality of product aggravates the quality of life. Vegetables are also not exception. Bringel lady's finger, etc., are placed under pesticides for its colour, pleasing presentation and marketability for a better price.

Instances of death—committing suicide after consuming the insecticides are not uncommon. Knowing the tragic end producers apply these and consumers produce the same even when it is dearly in the market where prestige symbol signifies purchasing at a high price.

People often complain irritation, swelling of limbs, etc. which in medical terms is expressed as aliergy—particular sensitivity to a particular thing and as such the consumers are advised to shun the consumption of the same which justifies perhaps the variation in the individual resistance power.

Malpractices abound Farmers are known to spray methyl parathion on caunflower to give it an extra white appearance

Bhindi, Lady's finger is dipped in copper sulphate to make it look greener. And the norm that no spraying should be done a week before harvest is frequently violated. A thorough wash and a vinegar douse help to get ind of much of the toxins in vegetables.

Non-vegetarian food is highly contaminated. Goats swallow pesticides when they graze near fields being sprayed with them. Hers do the same through the food they cat, which is usually the husk of grain. And the



residues seep into eggs as well. Fish to contain high amount of DDT residues. People illegally spray endosulta on water to stun fish and catch them.

The use of chemicals in the production of foodstuff has by no means gained ground inspite of the fact that the chemicals portend danger and have inherent limitations. But for the sake of quantity to feed the millions the quality has to be sacrificed both from the micro and macro aspects. The objective is to serve the people but if the health of the people and his interest are in jeopardy it calls for a scope for rethinking. This calls for toxicological studies which are generally done from abroad. In a developing country it is quite natural that the people live in abject poverty and their undernourishment keeps poor bygiene which is susceptible to disease. Again diseases gain ground in weak areas where resistance is poor. Thus the chemicals like DDT and BHC when combined in a poor hygiene provide for a more toxic cocktail with a heavy impact.

There is a contradictory picture regarding production and consumption of pesticides. The producers express helplessness to curtail production while they cater to the needs of the Departments of Government like Health and Agriculture and they feel that the hue and cry in respect of eval effects are nothing but an exaggeration of the situation. The manufacturers safely argue that in a tropical country the pesticides degrade faster in sunlight than temperate countries.

On the other hand the farmers while consuming it do not follow the precautionary measures and in order to have their commodities marketed immediately they manage to forget the safety aspects of the ultimate consumers for whom the production processes are to continue. It is a caution that no spraying should be done a week before harvest to prevent high pesticide residues in vegetables because it has been observed that such residues shot up to dangerous level in cabbages, tomatoes, cauliflower and other vegetables. This indicates that public consciousness is absolutely lacking.

In the cases of fruits, grapes are probably one of the most widery sprayed fruits. Studies reveal that they contain high residue level of several peshcides. A good wash with a dash of detergent or baking soda can knock out these toxins. In applies, the threat comes from chemical daminozide used as a growth regulator and now suspected to be cancer causing. Citrus fruit too contains toxic residues.



There is a chain—a poison chain starting with farmers pesticiding to protect toodstuff and the Authorities of the State entrusted with public health spraying to control malaria causing mosquates. Cattle Indider and chicken tood are affected since residues after pesticides remain even after spraying. Thus meat, fish, milk and egg get toxic.

Again to prevent fungus and rodents attacking stored grains spraying is done and the toodstuff also store the residues with it to augment the took substances.

On the other hand vegetables are dipped in pesticides for looking tresh and also from the point of view of preservation. Oils and sweets are adulterated with dives, etc. which are prohibited or not desirable on health grounds.

Although before cooking the foodstuff is adequately washed but cooking at a temperature rarely destroys toxic residues. When ingested pesticides are absorbed by the small intestines. Moreover fath, tissues in the body store the pesticides which damage vital organs like the heart brain kidney and liver of the individual who prescribes and the corporate life produces at the peril of social life—a vicious circle.

Poet Yeats says :

Things fall apart—the centre cannot hold

Mere anarchy is loosed upon the world.

The blood dimmed tide is loosed and everywhere.

The ceremony of innocence is drowned.

The best lack all conviction, while the worst.

Are full of passionate intensity.

Human organ marketing

We often say money begets money So also the crisis which does not visit alone. The horror of poisoning the food affecting the organs of human body witness a vile, deplorable and morally reprehensible development.*

^{*} Dr Ramesh Kumar, Neurotogist, De-hi



The cry for the human rights is being drowned by the prostitution of the human body. The space parts of human body are now available at a rate of

- (i) Live donor kidney Rs 30 000 to
- (ii) Live comes Rs. 80,000 00
- (iii) Skin Rs. 1,000 a patch
- (iv) A full skeleton Rs. 10,000 00

An appalling business which violates the basic principles of humanity. The shocking picture in kindey market indicates that while in 1983 50 kidneys were marketed the total turnover in kidney business is about Rs. 40 crores now Such is the gravity of the situation which shows the bankruptcy of moral and ethics of business, unscrupulous activities of the corporate bodies whose production has been bringing a social disorder in the erosion of values reducing the individual life to a non-instinctive mechanical device subject to adjustment with spare parts.

The productivity concept has gained its importance because of the fact that in the production arena with minimum input, the output will have to be ophmised. The resources are the gift of nature and are believed to be limited in supply So a cautious approach towards its integrated and holistic use is made The human resources are no exception to it. The individual can contribute his best with a quality of life in a conductive environment. Now the quality of life depends much upon the consumption pattern which when susceptible to d seases makes the human more prone to be methicient and ineffective Moreover it is an acknowledged fact that productive system presupposes the functioning of a few M(s) of which Men. Machine. Money. Method, Market and Management are worth mentioning Barring Men and Manage men-t (i.e. manage men tactfully or man age since man is aging) all other resources behave in a stereo typed manner and respond to a fixed scale because of its rated capacity. It is only individual or its collective wisdom can augment it beyond the rated capacity. Obviously the question is how? The answer is not far to seek. Man possesses certain intangibilities like emotion, love, aftection, despair sentiments which of course vary because of the glandular secretion

Now the food which has been poisoned and is aggravating the health of mankind is deterring the secretions and making him ineffective and inefficient. Thus it is now a wonder that the human organs are being purchased and sold like other commodities which casts an aspersion on humanity and an injury or insult to the mankind.

The Organ Bazar by Raj Chengappa—Published in India Today, July 11, 1990 (pages 61-67)



This poses a great question whether man will replace machine or machine will replace man?

No doubt machine is the creation of man and the creation can never overrule the creator

The problem lies within the man himself. If ke other intangibilities, the destructive and vicissitudes in approach, the outlook and the altitude lead man to the innovative and creative ideas. Such intangibilities are identified as imponderables and deserve a continuous control and vigilance from the viewpoint of its role and impact on the society.

*Though generally ignored the focus on the control of iodine deficiency diseases (IDD) has suddenly sharpened Since iodine is necessary for the thyroid gland to produce crucial growth hormones deficiency in the foetus or in infancy can lead to emples, deaf mutes, cretims and stol births

It is responsible for the birth of a majority of the mentally handscapped in India—2 million of these cretims, handscapped mentally as well as physically

It is not impossible to solve the problem. All that it needs is less than a pinch of iodine in common salt. A standard strategy—a crash programme with todine injections to endemic areas and compulsory salt iodation had been followed in most of the countries.

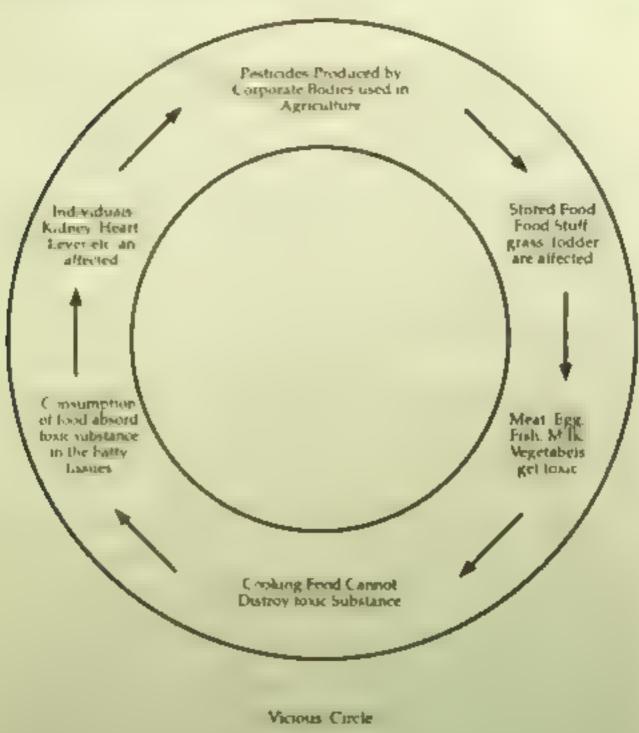
** The target is to saturate the entire country with a production of \$0 lakhs tonnes a year by 1992 and Rs. 2 crores budgeted in the Seventh P and The idea is to ban common salt and avoid injection. In seven States it was made compulsory. Traders get around the law selling uniodated salt as indated or openly sell as uniodated since it is cheaper and have brisk sales. The rule stipulates 30 parts per million (PPM) of iodine or 50 CPM of potassium iodate at manufacture and 15 PPM of iodine or 25 PPM of potassium iodate of consumption. Manufacturers do not print on packet and do not mention expiry date. Moisture and sunlight can draw iodine. This

Consumer Safety Statutory Warring by Said Tripath in India Today July 15, 1990.

^{**} Indine-Deadly Lack by David Decadas—Published in India Today 31 March 1989 (page 182)



presponsible behaviour of unabashedly selling exposes millions to variety of mental and physical handicap which is a social evil to be fought socially



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Chapter 5

PROFESSIONALISM OR PROSPERITY PERPETUATION



Chapter 5

PROFESSIONALISM OR PROSPERITY PERPETUATION

The Sachar Committee in its recommendations using with others embarked upon professionalism it was believed that powerly is traditional end prosperity is modern. The productivity concept can only threve until infusion of professionally qualified personnel having exposure to the modern tools and techniques in the management of the argument bodies.

The Kickback system thus has been developed. The statutory exchanges of true and tair view of the economic health thus no onego tens the truth of the constrainty it portrains the truth of untruth. This has not only therefored the basic foundation of the continuous of the country but also placed the security of the country at state.

The social accountability and the propriety can soften the predative proneities of the presonnel posted at the principle of the corporate budges

Poverty is traditional prospenty is modern. "The old order changelly yielding place to the new." The change is inherent and to resist the change is also natural. The result is the outcome of action, reaction and interaction. To be prosperous and modern growth is the pivot which enlighten the attitude, vision and make more humane. It is graceless to favour pollution. poverty, sickness, inequality or a poor quality of life. Thus the elements that form a mosaic of an agenda for a humanised society are developed under conditions of actual and perceived affluence. For this purpose, the role of corporate business deserves acknowledgement and emphasis. Business is viewed as an organ of the society. The business is the social sculptor and the quality of business depends largely on the man behind the business. This sense of social sculpting, the commitment to social upliftment can only come through a sensitivity to business ethics, which is directly linked with the creation of wealth-by profits and further generation of this wealth for the betterment of society-both at micro which is organisational and macro which is national level



Business activities and Constituents Matrix

The perception of the scope of the potential social impacts of corporate business has no boundaries but happily it has focuses. The focuses are the constituencies. The role of business is to be assessed with the relationship of corporate business to these constituencies. The corporate responsibility is considered on the consequences of its actions in each of the cells of this matrix and the social audit is a matrix of this sort with all entries in the cells contempiated by the group dynamics provided by the increable corporate staff—the professionals.

TABLE - 7

	Constituencies							
	Emplinees	C megastants	Uwners	Vendom	Immediate Community	Command		
Inselucts								
Padactor								
Marketing								
Finance								
Factories								
New Hacress Development								
serverment Relations								
Programs								

The rationalisation of large complex social system needs skuls, knowledge and discipline of character which are very short supply in a resource short world.

Corporate Social Responsiveness by Robert Ackerman Raymond Basier the Modern Disemna (page 15)—Reston Publishing Co. Inc. Reston, Virginia, 1976



The human resources can not only turn an manimate object into a social motivator, but also its guiding force is the mind—a storehouse of knowledge which is turned into practical results

The term management is defined as the task of managing mentactfully in other words the quality of life which depends upon the functioning of the corporate business is dependant upon the quality of management

The gregatious instinct in man implanted by the Creator fosters group dynamism. The management functions as a group its study, its understanding and practice is a sophisticated science that must discipline, shape and regulate the very fabric of an orderly, moral civilized society which will not encourage anti-social tendencies generating towards amoranty or attitudes of mind that encourages hypocrisy.

Professionalism in Management

Management with its institutional and educative values based on the ethics and standard has emerged as a profession in a critical juncture when the nation expects more contribution from the corporate business. The productivity concept in management has ushered a new era with the specialised techniques. While generalisation refers to more length, specialisation refers to more depth or width limbued with the objectives of the corporate business each individual in the managemal group should conform to the business ethics with its professional skill, experience and character to behave socially responsible.

The management performance, therefore needs an appraisal as a part of social audit to meet the present day need of corporate management in the changed development of the structure of the corporate body a wide gap has arisen between control and ownership on the one hand and management and ownership on the other. An average shareholder in recent times, can be viewed, more often than not, as an investor rather than as one who is interested in control. Nevertheless, the law must see to it that the gap between the shareholders, who are the owners and the directors, who are in control of the destiny of the company, does not become so wide as to endanger the interest of the shareholders. Size of the companies now generally is such that their management requires certain professional expertise apart from entrepreneurial skill. Professionalisation of management is, therefore not a mere concept but is, in fact, an inevitable necessity for the well being of the company itself.

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There are cettain areas of management which are beyond doubt, with the competence of professionally qualified people are Chartered Accountants. Cost Accountants. Company Secretaines, Engineers and people having specialisation in management sciences. But professional management takes into account the element of specialised knowledge as well as specialised experience—intensive and extensive.

* The Sachar Committee suggested the definition as follows

A 'Professional Manager is an individual who

- (a) (i) belongs to the profession of law accountancy medicine, engineering or architecture or
 - (ii) is a member of a recognised professional body of institution exercising supervisory jurisdiction over its members or
 - (iii) is a holder of a degree or diploma in Management or from any recognised institute of Management or from any recognised University;
 - (iv) is a holder of a post graduate degree from any recognised. University ; and

possesses not less than five years' expenence in an executive capacity in a company, corporation or a body corporate or in the Government or

(b) possesses is minimum of ten years' experience in an executive capacity in a company, corporation or a body corporate or in the Government.

The Companies Act, 1956 provides for appointment of three types of managerial personnel, viz. Managing Director, wholetime Director or a Manager There is no compulsion on any public company to nominate or designate a person as Manager, Managing Director, etc. The object of securing Governmental approval for appointment of managerial personnel has sometimes been by-passed by companies. The Sachar Committee suggested that all appointments of managerial personnel must be approved by the shareholders by a special resolution. As far as large public limited companies are concerned i.e., companies having paid up capital of Rs. 50 lakhs and more it should be made obligatory to have a Managing or wholetime

A study: Report of Suchar Committee on Companies & MRTP Acts—Published by Centre for Legal Studies, New Delto (page 24)

Director The Company can of course have more than one Managing or wholetime Director The Committee believed that large size companies with diversified nature and complexity of operations cannot be successfully managed without somebody being specifically charged with substantial powers of management

- * The Sachar Committee recommended amendment to section 217(2A) for disclosure of information to provide that
 - (i) information relating to employees drawing remuneration of three thousand rupees or more per month has not served any practical purpose. This may be filed with the Registrar along with Annual Return and shall be open for inspection by members of public.
 - (n) the company shall be bound to furnish on demand by any shareholder information regarding all executives receiving remuneration in excess of that drawn by Managing or wholetime Director;
 - (iii) information required to be furnished along with the Balance Sheet shall be limited to
 - (a) particulars of Directors and their relatives drawing remuneration of not less than three thousand rupees per month or thirty-six thousand rupees per annum
 - (b) particulars of executives in receipt of remuneration in excess of that drawn by Managing or wholetime Director, if such executive by himself or along with his spouse and dependant children holds not less than two per cent of equity shares of the company and
 - (c) categorywise statement showing number of employees drawing remuneration of less than five hundred rupees, between five hundred and one thousand rupees and between one thousand and two thousand rupees, etc

As a result of the recommendation a scrutiny of the annual reports of the corporate bodies if made it will be evident that as an annexure to the Directors' report particulars of employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956 and forming part of the Directors'

^{*} Sechar Committee Report (page 82)



remuneration, qualification, age, experience, date of joining, previous employment designation, name of employer period of service with a note on (1) remuneration including salary adoxance medical benefits, contribution of provident fund and superanuation fund wherever apprealise gratuity, leave travel assistance and value of perquisites for the employees throughout the financial year whose aggregate income as such is not less than Rs 72 (XX) (0) per annum. (2) none of the employees is a relative of a Director, (3) employment conditions whether contractual or noncontractual and the notice period for separation, if any and (4) provision of Manager and the tenure of appointment, if any

It is apparent that for a growing economy the need for professional personnel is too much to be emphasised. The institutional growth for the supply may not keep pace. Managers are not born but they are made. Management Education in the socio-economic perspective requires gestation period to meet the demand for good managers who will be efficient and effective to deliver the desired results. The provision of section 217(2A) thus caters to provide.

- ii information relating to the requirement and absorption and scope for professional personel,
- fit, compensation packages available for such personnel to provide for incentive, and
- (iii) identification with the corporate prestige desertion or admission to the corporate service.

Obviously, the expectation is that with the participation of professional management the performance of the corporate body is bound to improve and to assess the performance the provision for audit has been made according to the nature and chiliracter of the corporate body, viz., private company public company and Government company. While the accountability in respect to private and public companies remains mainly to the shareholders, the accountability regarding Government company remains to the Parliament an institution of the people Professionally qualified persons, e.g., Chartered Accountants prepare the accounts and also go for audit report as against service people in Comptrotter and Auditor General under the Constitution report to the Parliament. The functional management viz., production personnel, finance, marketing, etc., are rendered by professionally qualified



persons with specialisation to each discipline, the predominance of cadre service e.g., LAS and State Civil Service with exposure to the peculiarities are felt mostly in Government companies. The fact remains that the individual forms group for a corporate soul where the individuality is expected to be subordinated to the corporate self-keeping the professional individual with integrity.

Audit as management tool

* It is preferred not to segmentainse or break the individual into reaction times, learning curves and knee jerks but to look at the individual in normal settings and roies as friend as lover as parent etc and to emphysise the nature of the individual relationship to the external environment and its reaction with inner dynamics manufested in the behavioural pattern

Thus audit is an aid for effective management. The internal audit is the first to conduct an audit of all transactions in every corporate body. External audit is done by Chartered Accountant for public companies and by commercial audit wing of C.A.G. Efficiency is the key note of every management. Efficiency springs from a full realisation of accountability which again has close relevance to the responsibilities and objectives of the corporate body. Audit is an aid for securing efficiency. Internal audit is the ears eyes of the management which focuses the omissions and commissions relating to financial matters and reports to top management. Management audit is also done when technical matters are also examined. The external audit is done for certification that the accounts give a true and fair picture of the state of affairs of the company. In order to conduct this regularity and accountancy audit the auditor pushes more his penul than the train.

While it may be sufficient for a public company to have an accountancy and regularity audit, the importance of accountability of Covernment companies to the citizen via legislative needs no emphasis. Here the C.A.G. in addition to that have been covered by professional auditors conducts an appraisal of an efficiency cum propriety audit to see whether the value for the public money spent has been obtained. Audit is management's best ally

It is an established fact that 50 to 60% of the cost of finished products consists of material. It is estimated that the impact of 5 per cent saving in

Understanding and explaining the individuals Social behaviour in psychology is social by Edward Krupet-Scott, Foreman & Co. Glenview, Illinois (pages 2-3) 1982



material cost on profit is the same as an increase of 20% over existing profits. An efficient manager should review the effects of his to-day's decision on to-morrow's result. So one needs an in-built system of conducting internal performance audit of the efforts of management.

Performance appraisal is basically a management function. It is a continuous process. It is a part of the top management task to be constantly on the look for improvement.

Since an institution has to be run with the teamwork of all managers, no department should feel that their action should not be questioned by somebody else in fact the system of check and balance is part of the management set up and every manager a activity has to fit in with the overall objectives and goals of the organisation. Every manager is also accountable for his action. Objectives of every manager shall have ultimately synchronised to corporate goals—from micro to macro.

There is of course jugglary and jargon. The individual or group encourage empire building with window dressing of the corporate house and share the profit depriving the corporate body. Apparently the corporate behavioural pattern remains unchanged but ethically damage is caused by the persons dealing with it and that too clandestinely. This is termed as kickback—the dictionary meaning would appear to be a part of a sum received or paid to another by contidential agreement for favours past or to come which may be as a matter of protection or some other objective. This may appear to be unethical when analysed to show that this has a detection of the country.

The picture is quite clear it matters little whether it concerns a producing or servicing sector—a private, public, Government corporate body or a Department/Ministry under the Government catering to the needs of the public in general. The fact remains that 50 to 60% of the cost relates to material. The procurement deserves attention in view of the fact that unless right material at right time and at a right price with right quality and quantity from a right source is ensured there may be run out or stock out cost leading to the closure of the company as otherwise, piling up of stock may lead to carrying cost with obsolescence and risk of inventories. The pivot factor remains, therefore, at the purchasing point which takes into account the lead



time lowest tender and proper use of public money Illegal gratification, manoevering the tenders and favouring the suppliers with selfish attainment are not uncommon to ignore the professional approach and its ethics and the greater objectives for which the authority is accountable

Scamorruption a menace to Corporate health

* The most glaring cases in this regard in the present national economic scenerio are the 'HDW Submarine Deal' and the 'Bofors pay-off'

In February, 1979 the Cabinet Committee on Political Affairs (CCPA) the apex body under the chairmanship of Morarii Desai, Prime Minister approved the acquisition of Submanne to Submanne Killers for the Indian Navy with a diving depth of 350 metres at an estimated cost of Rs. 350 crores to be paid by Indian Navy for transfer of technology and the indigenous co-production of four submannes.

Four offers from

- (1) Kockum a Swedish firm
- (2) HDW German firm
- (3) The Italian Sanro and
- (4) TNSW 1400 were shortlisted by a nine member Negotiating Committee

A Rear Admiral was appointed head of a six member committee by Vice Chief of Naval staff and Swedish 45 Kockum was shown first in order of priority by the committee. West German HDW was rejected because it had a diving depth of 250 metres against the required specification of 350 metres.

On 15th June 1979 HDW resurfaced and the committee remarked that it would be considering if it could improve its diving depth. A delegation of officials from various Ministries headed by a Rear Admiral paid visit overseas and firmly arrived at a conclusion that Swedish Kockum was the best at a price of Rs. 318 crores subject to the approval of CCPA. The political uncertainty delayed the process.

HOW Submarine Deal The Scandal Surfaces by Prabhu Chawla in India Today March 15, 1990 (pages 32-35)



On April 10, 1980, the new CCPA approved the short-sting of both kockun and HDW under the leadership of Mrs. Gandhi

In May, 1980 the Committee headed by S.S. Sidhu, Additional Secretary without any written directive from Prime Minister's office or any record of authorisation in this regard re-evaluated Kockum's cost at Rs. 403 crores as against Rs. 332 crores for HDW. On June 30, 1980 a week after death of Sanjay Gandhi, the CCPA approved the deal which was finally signed on 11,12,81.

The contract stipulated the four HDW submarines would be delivered at a total cost that included the price of torpedoes—of Rs. 465 crores after six years by end of 1987. Two more submarines would be ordered at a later date.

TABLE — 8

JUCGLING THE FIGURES

HDW SUBMARINE DEAL

		September	1979	May 1980	
	Max. Marka	Keckum	HDW	Korkum	HDW
		45 B	1500	45-8	1500
Best Submanne	2000	(20)	1640	1716	1709
Maintenance and					
Lagritic support	800	685	675	645	695
Transfer of Technology	1200	1085	1050	1060	1, 30
Total penests	4000	1470	3365	342	3534
Last of four		318.79	336.61	403	332
bulemannes on crores		I neighble to	अपूर्ण नेत्राक		

By m.d 1987 only two submarines were delivered VP Singh the then Defence Minister received information that the Germans may have overcharged India and ordered that attempts should be made to negotiate the prices and bring them down for the remaining two submarines

On 24th February 1987 the Indian Ambassador at Bonn sent a secret telegram to the Government saving that the Germans were not inclined to



reduce the price because included in it was a 7 per cent commission they had paid to secure the contract Sri Singh ordered the enquiry in Apr., 12 and he resigned from the Government.

The CBI was to file FIR with the following key allegations

- (1) Indian Civil Servants failed to take a firm stand against HDW DURING THE NEGOTIATIONS AND ACCEPTED ITS unresonable financial demands
- (2) Defence Ministry officials wrongly calculated the total cost of the HDW offer which led to cost cover runs from the initial estimate of Rs. 332 crores to Rs. 465 crores
- (3) Senior officials and the members of the Committee changed various technical and financial parameters in such a way that HDW which was second all along came first.
- (4) HDW AEG. T and Ferrostall changed their earlier price quotations and did not inform the Government about the role played by Indian Agents.

The Public Accounts Committee (PAC) in its report to Parliament in March 1989 concluded that Kockum's Deal was in fact cheaper than HDW by Rs. 1825 crores. The PAC disclosed that the fixed portion of pince for know how relating to the offer of Kockums (Rs. 25 crores) was wrongly included in the figures to be escalated. According to CB is calculation the total project cost of Kockums would have been Rs. 313.75 crores and not Rs. 349 crores worked out by Ramaswamy. Financial Adviser to the Defence Ministry. But the Government justified the final decision in the basis of this carculation.

The CAG in connection with BOFORS deal states, we play neither the role of a prosecutor nor that of a defender. Our job is to put the truth before the President. I do not consider mysed a watch dog of Government expenditure. My job is to help Parliament ensure that the executive is more accountable to it. I have to ensure Government Expenditure is done according to the objectives for which Parliament gave approval to the Government.

The CAG points out that just a few months earlier in March 1985 Army Head Quarter sent to Defence Ministry an assessment favouring the French gun which fulfilled 21 out of 25 parameters. The 80FORS gun scored 16 out of 25 in September 1985 the characteristics were narrowed down to 12 point parameters out of which the French Gun scored 7.3 and BOFORS 4.6



The new evaluation of February 1986 however added eight characteristics and two sub-characteristics to the September 1985, 1st

Judged against the new weighted parameters the Bofors Gun shipped into top position. The army justified this saying the Betors gun's burst fire capability an essential teature of shoot and scoot faction was better than the Sofma gun'

On March 24, 1986 the Prime Minister's office said "the Prime Minister had given a further directions regarding the methodology of evaluation to be communicated separately. Without waiting for further directions the contract was signed on the same due for a Rs. 1700 crore gun deal.

The Detence Min stry deposited that these instructions were intended for future apparations and ignored without any ciarification or confirmation

*The CAG in his findings reports that the Defence Secretary in his note of March 22, 1986, whote to the Prime Minister that he had discussed at the airport with Arun Singh question of signing the agreement with Bofors. The Minister, gave his blessings.

It may be noted with scepticism that approval or sanction is recorded but it shows a pre-disposition on the part of officials and politicians to buy Bofors gun

Even the report of the Indian Ambassador at Sweden stating that Bofors had agreed to a full audit by the CAG was not heeded to Instead the Covernment opted for the JPC which expressed everyone concerned

The C.A.G. uncovered other small tax ours for Bofers minimum standards were diluted for Bofers, supplied ammunition, the assessment of final cost was flawed.

The initian Covernment signed the contract on 24.3.86 worth Rs. 1700 cross after Botors gave an assurance that there were no middlemen in the deal. On 16.4.87 the Swedish Radio reported that Bofors paid bribes to Indian politicians and key defence figures to win the contract.

The Prime Minister denving the charge on 2.14.87 made a statement in the Lok Sabha that evidence of involvement of middlemen of pay off or

C.A.G report The Smoke Screen Clears by Ramider Singh & Paranjay Guha Thakurta published in India Today August 15, 1959 (page 28-30)



of bribes or commission if given nobody however high up would be allowed to go free

On June 4, 1987 Sweden's National Audit Bureau disproved above claim but stated that agreement exists between Botors and three parties, concerning settlement of commission subsequently to the deal."

The Joint Parliamentary Committee JPC+ if 30 MPs was appointed to identify the recipients of the 64 crores paid by Bofors and the opposition boycotted. The JPC submitted its reports exonerating all and sundry on 26.4.88. The publications of the Hindu, Ind an Express relating to agreements between Bofors and front companies agents who got paid for the Indian Contract including Hindujas and A.E. Services. We of contract values Now the mystery agents behind the three front companies are being searched.

Parliament only on July 18. The Chairmans up of the Public Accounts Committee (PAC) which initiates follow up action on CAC findings had passed from CPf (M) to AIDMR an aity of the ruling parts. The opposition in the Parliament was convinced that the JPC rejected the Bofors allegations and the same course will be followed by the PAC in respect of CAC report. Finding no alternative for justice, the opposition resigned and finally this served as a moral pressure on the popular Government to seek the mandate of the people on this count along with others.

It is a matter of history that there was a fall of the ruling party and the verdict of the people was for a change. No doubt the constitutional Authority prescribed to uphoid the unbiased public interest was undermined and the holistic and integrated prestige was lowered it is worth mentioning that Mr. R. Venkataraman, President of India observed in 1984. THE CAG has to keep watch against waste and extravagance and assure that the Government machinery observes the cannons of economy and efficiency.

The unethical preposterous approach in the matter of procurement manifested in corrupt practices is not a new phenomenon. In the report of Fa-Hien even in Mauriya Empire the historical evidence of inspection of market mechanism to protect consumerism bears the testimony. But the crude form remains with sophistication, in the Private Sector companies pursue it with the concurrence of wisdom and in the Government the whole matter comes to the surface with the cross current of checks and balances even leading to the fall of the Government.



But behind the backdrop the Dramatists are the professional managers of business executives irrespective of public limited companies or Government companies under the influence of politically motivated personnel. The expert open on "CALC been about the association for associations what may to the achievement of social objections."

Modern business corporate activities are result oriented with their efficiency and effectiveness. The public corporate bodies motivate the professional executives in accepting strategies to bribing the authorities for getting business which in other words vitate the corporate behaviour at receiving and groing points. In Government Companies the approach is but different as if the king cannot do any wrong. The people's representative can usurp the requirements of technologists and expertise so as to justify the functioning of custodians of people confidence to be carried through a basket of professionals of inaction. The obvious results are

- organisation observed is to tollow anti-consumers mpoles and cum nating action under sections 15, 16, 18A, 18AA and 18FA under the Industries. Development and Regulation, Act, 1951, i.e., taking over the management of an undertaking with or without investigation. This makes it imperative to have an inflow of public money in the corporate body to revamp its viability in the form of oan from the financial institutions. Again another vista of corrupt practices open. The professional personnel of the financial corporate bodies again take a percentage of the oan thus sanctioned. The victous circle comes into operation finadequate actual money without intent and competent to repay and mere finding for the cause of industry thereby cause for the sickness of the nationalised banks.
- (2) The Government corporate bodies go on accumulating the losses and keep the paralysed body suffering from cerebral and cardiac attack but cannot loose heart for the sake of the employees and their families.

The help extended to such bodies also sometimes results in no use but to serve as maintenance for the subsistence and physiotherapy treatment.



As has been noted that the mailtanctioning of the public corporate bodies may not be surfaced with the regulative sanctioning of the Authority of the Board, such mailtanctioning in Government corporate bodies or of the Department may not be possible to keep bid ten because of the bureaucrate, and ministeria, functioning

Of late a modern approach has been everyed towards sculsearching which have been designed to help free state owned undertakings. The memorandum of understanding as better known as MOR is a formal annual contract signed between public sector companies and their Ministries. These set his all and production targets and delegate powers to state enterprises to take independent investment and personnel decisions within specified limits. More important MOR s list the concernment's obligations is caring projects in time, assistance in realisms, dues, to the companies.

The problem is that MOUs involve two onequal sides. Both the company and the Government are required by a MOU to adhere to specified targets or schedules, but heads or some concerns company their in matries do not clear projects as per the MOU schedule. Companies can be hauled up at they tall short of grals the ministries, of course, cannot be

Covernment officials counter that ministries are responsible to Paraament for the companies that fall within their ambit. It is a faquestion of how one handres the ministry—is the expenence of Beads of Public Sector behemoth. MOV, has of course empowered to heavier investments by bigger companies than smaller ones.

MOU has a hado effect in the corporate sector claudestine v. The competitive corporate bodies have started to resorting to such in understanding for having a business.

The social objective is to foster compet from which will ensure adequate supply in the market economy so that the price is determined in favour of the consumers. The protective measures enshined in the MRIP Act in providing preventive steps in concentration of economic power and probabiling monopolistic restrictive trade practices which manifest in uncasonable price rise or fall in production or determination in the quality and distorting competition or by unfair trade practice man tested by fairing thus boody ming the consumers appear to be at no avail by the clandestine understanding



under the new formula of MOU. One corporate body quotes or unquotes on the understanding or submit over price or under price not on the forces of market economy but on the basis of the understanding apart from the illegal gratification or other untair means.

The traditional approach of cost of production and the mark up for pricing for quoting has become a back dated method. It starts with gratification plus mark up and the cost covering the fund available at the point of indenting corporate body. Thus the quality of life is bound to be affected by the quality of materials and the rose of corporate bodies in imposing this state of affairs cannot be understated. A bold approach deviated from the regular accounts approach can reveal these social pictures relating to the corporate bodies and the professionals who are paid by the public for their services.

Profile of a Manager

An irrestable instinct often initiates to portray the profile of a professional in his performance of the public responsibilities.

Such people are within the age group between 35 and 65 years. They are of middle height (5-6" and 6"). Their hair is back brushed, use of dye is also not uncommon.

They work hard—devoting more time in attending their superiors for their personal work e.g. getting their kids admitted to educational institutions. Income fax Clearance Passport Visa arranging and booking for the tickets, modernising the residences at the corporate cost, receiving or faring goodbye at the airport even at odd hours.

This makes him rising early in the morning preparing for a morning walk presenting himself as smart young guy meeting equals in the morning and starting discussion of office agenda.

This is followed by both and breakfast and leave for office where he is highly competitive feels pressured for time and reacts to frustration with hostility

During luncheon discussion on multifunctional or interdepartmental continues with highly protein and carbohydrate food accompanied by drinks. A visit in the office area will reveal during lunch break that the assistants and the office master even in Managers, canteen supply of drinks is euphoria.



along with eating. To finance the business not a difficult task but to sign the voucher mutually and reciprocally

The office closes but the business executives continue either at office or at a club or at a rendezvous where accoholism engults. To retire to bed in the late hours is a matter of routine. Such people physically are characterised by likely to develop heart diseases. A high level of cholestero or other fat in his blood high blood pressure diabetes exercise, title smokes more, are the features.

The cholestero are deposited on the wash of arteries. These deposits form plaques which narrow the vesse's. With the decay of these proques the artery walls are form off and form coets that close off the hannels of one or more of the coronery arteries and result in a heart attack.

Taxes and cholestero. Stress can make such an attack likely by increasing levels of cholesterol in the blood-stream. With the approach of the closure of the financial year the scrum ob-lesterol evel in the blood of the manager accountant and others shoot up from normal levels. As the field me passes, their chilesterol level for sharply So also happens in the event of Annual General Meeting and closing of accounts to the Secretarial and Financial Managers.

Again blood passing through the arteries under high pressure increases the likesihood of tears in the arterial walls. It is around these tears that faths deposits form plaques. These plaques are in turn more fixely to tear away when blood pressure is high.

Another route from stress to heart attalk is through the body's general reaction to stress. When a person is under stress, his brain causes the release of the hormones adrenaline and non-adrenaline, which help mobilise his body to cope with danger. But these hormones speed up brood clifting thereby increasing the formation of arterial clots. At the same time these hormones raise one's blood pressure which can in turn lead to sod ten bleeding in an arterial plaque and the formation of clots.

The characteristics of the ambitious professionals are worlth mangering complying with the orders of the Authority more succumbing to their selfish

Psychology to boota by Edward Krupat Scitt, Fotosman and Co. Cienview [Linea. (page 469–1982)



desire which have hardly to do with their professional skill knowledge and experience. Such professionals work hard and last to succeed and in striving his goals, suppresses feetings, such as fatigue, that might interfere with his performance. Anger overwhelms it someone or something gets in the way of the success. These traits suggest a person who rises to master challenges out of a need to control his world.

Again the concept of control makes the professionals more distressed when there is threat to his power of control and there is nothing he can do to master the situation try as he may in the face of uncontrol able losses leading to the feeling of bereft and help essisead to disease. The security of the job absence of retiring benef is and the uncertainties for the years to come make these help essness stronger to commit corrupt practices leading to stress and strain to suppress with an ardent desire to exhibit the life style to the equals and get pleasure in exacting them. This fosters entity and intense rivalry. The immoral and unethical activities thus pursued become gradually normalised and the scale of moral rating is fixed at a higher level absorbing some part of the immoral activities.

It may not be out of place to recall that in the first five year plan period that is during fifties, use of Government vehicles by the bureaucrats, manisters for transporting their family members was looked upon as itsuse of powers and misuse of resources and would use to be cried down Now-a days even the vehicles are hired by the Government officials or the managers of the corporate bod es to serve the wanton desire of the coveted either under tear or to get a happy return which is termed as efficiency and effectiveness. A stressed person cannot control and therefore compensate by restraining the implitionic which would normally interfere with tast performance. A person who increases his efforts to master a situation can never control and is bound to be frustrated.

These complicated reactions seem to indicate that professionals at first use to any challenge try hard to control a highly stressful situation, feel helpless even when best efforts fail and attempts to master it suffer. The loss of tob or financial setbacks are all events that could little be remedied. The life-targedies are hard for anyone but are dangerous. These spell heart attack and even death.

The medicine professionals learn the science of medicines but not the art of medicine. The art involves a respect for life, for great mysteries



imponderables human potentiation. The modern "hearth care delivery packages" are more mechanistic. It is ho istic when physician taxes time to consider the whole patient—I festule emotions and nutrition so that he is not merely freating a specific symptom with a specific antidote.

The sophisticated electronic machines with computer printouts or cathode ray tube terminals attended by white coated acoustes are lubricated by State grants. Catch the eyes and endeavour to the the faith but while reterred to the state of attairs to the mind the electronics do not provide any signalling sound.

Thus in business there is a rarge and hungry consumer for miracles for simplistic solutions. The guilble fell the tents of faith healers and the pockets of the producers of nostrums.

The human resources enriched with professional background are required more in number to man the corporate bodies for fostering growth of the economy who are prone to be corrupt and to be swayed away by luxurious enjoyment with the exclusion of the millions for whom they have been developed but manage to forget the commitments. This gives rise to psychological treatment of these personnel to get ind of their predative allergy and make them dedicative for the social cause which can only be possible by uncarthing the avenues by the NOCIAL ALDIT

There are 176 104 non-Government companies limited by shares at work as on 31 3.89. 35,600 prosecutions launched under the Act were pending in various courts in the country at the beginning of the year 1988-89 and 9,298 prosecutions were instituted during the year against 4.130 companies and their officers. 52.1% (6,325 out of 12,143) cases were decided and ended in conviction and 32.755 were pending. The figures give the magnitude of the problem visia visite role played by professionals.

Self Audit

The difference between an ordinary employer and a professional man lies in his vocation, knowledge and capacity. There is an ardent desire to be a professional to serve the community well with ethical standard and conduct and sometimes commit by oath. At the entry point some il usions of idealism play with sensatisation of improving the feliousmen and the world. The oath is always against dishonesty and corrupt practices or crimes which in later phases appear to be hypocratic oath.



While self censure can prevent corruption publications are real puritiers in democracies because public opinion would force the political economic and other powers to submit themselves to the ethics of the community

The Government is far from possessing the moral strength which could be obtained through the media by correctly interpreting public opinions code of ethics

"In a corrupt society the forces of death are more valuant than the forces of life, hope has been lost and the essential structures are meeting away"—says Robert Payne.

A result oriented corporate body encouraging short sighted sol paism and immediatism of professionals and groups do harm to the community preventing them from perceiving that at medium term immorality will hurt them also because it will not only provoke constant increase in costs but also collapse the system. As a result the citizens localty to the State disappear disintegration begins and the country becomes ungovernable.

Our political and social system is based essentially on material values. The more material values whose self-generation though not easy can make the system stabilised. The careerists are prone to corruption and they believe that the only important things in the world are money and power. When the alarm of conscience ceases to ring a corporate body reaches its autumn and slowly dies in the same way as man.

Bertrand Russel said—"without civic morality communities perish, without personal morality their survival is valueless."

There is no doubt that ethics are vital ingredient for the survival and it is the corporate responsiveness that can make it more fair and significant with periodic check up

It is evident that bribery in case of individuals culminates in kickback with sophistication with collective wisdom find an interplay with modern tools of propitiating the persons entrusted to accomplish the task. The immunology do not castigate such approach but uphold as a norm as 'Speed money' for expeditious disposal Immorality and bereft of sanity is becoming a misnomer'. The question of revival of the values arises with social objectives through corporate responsiveness.

Chapter 6

CONSERVATION OF THE ECOLOGY AND THE MATERIAL RESOURCES OF THE COUNTRY



Chapter 6

CONSERVATION OF THE ECOLOGY AND THE MATERIAL RESOURCES OF THE COUNTRY

The mode of life of a man is not an accident but the result of environment. The action reaction and interaction read to a decision. The existence of timing beings mornains the contegue—the very surprised of accusation. But the industrial conductions the so called advanced of accusation has in it performs predigations. The effluents the exhausts of the industries can by the corporate bodies at each step shatter the entoronment by president.

The pollutaries poetend danger to life and to the aesthetic excelence by developing the health menuments and sources of inspirations to a better and happier life. Awareness of the catasteophe and such sweedal measures may provide for a parameter for social audit of the corporate body.

The material resources as bestimed by the beature is limited it is obvious that limited but economic efficient and effective use of it can optimise the product city concept threeby teatung a comfortable butance for the posterious. The social audit of surprise bother can thus help in developing the concept of better design and trace auditors for the purpose.

Social efficiency is not measured by aggregating physical quantities of goods and services (tons yards) but rather by somehow aggregating the subjective values placed on different goods and services by undividual consumer units. Thus economic efficiency for a society is identical with a term we prefer to use maximum social welfare which can be tentatively defined as a situation in which it is impossible even conceptually to make any readjustment of production or consumption arrangement that would make even one household better off without making some other household worse off. As long as such a "costless" readjustment could be effected in a society it has not attained a state of maximum social welfare. It is termed a Pareto Optimum after the famous Italian Sociologist, Vifredo Pareto.

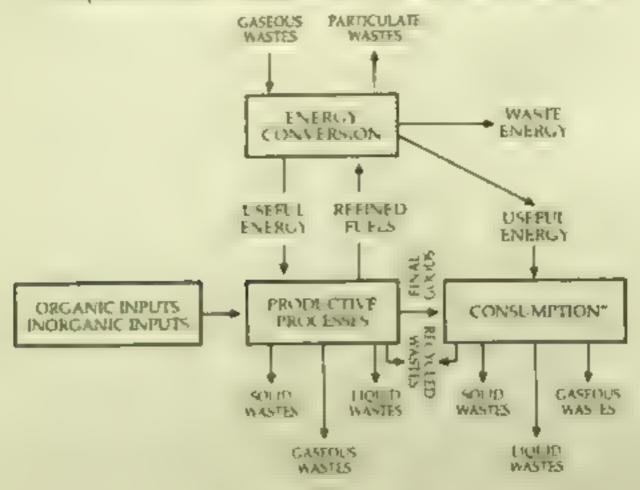
Environment Pollution a social cost

Economists have long recognised that the private market system often produces undestrable spinover effects on man's environment. The spinover



effects, e.g. smoke, effluents of modern industrial plants, etc. result in deteriorating environmental quality—an output that the corporate body does not and of course could not sell. Corporate bodies experience opportunity costs in different forms and would be willing to pay varying amounts it they could effectively end or lessen the polluting activities.

The spillover costs of externalities is a part of total social cost



"The Flow of Materials Fig. -8

The individual who misses a number of workdays each year due to illness caused by impure air bears a personal external cost equal to his lost wages. Society which looses the workers' production for the workdays lost bears an additional external cost equal to net difference between the workers average product and his wages over the relevant time period. Corporate

Environment at Economics by Joseph J. Sence & Michael K. Taussig—Pentice Half. Inc. Englewood chits, New Jersy (page 52) 1974



bodies initially suffer uncompensated monetary or psychic costs. Again the production process being with some sevel of organic and morganic inputs from the resource base economy—then through energy conversion with available technology various waste residuals are generated and discharged in the environment.

increase in production impinges on the assimilative capacity of the environment society will begin to incur significant cost associated with environmental pollution.

In the post independence period, the crying need of the hour was mass production. The scientific and technological advancement in this direction conferred many benefits on society in the form of better and improved quality of goods at comparatively reasonable prices and large quantities. The advent of technology has also brought an its trail the problem of pollution.

In ordinary parlance pollution is defined as wrong material at wrong place in wrong quantity. The corporate body may be in need of gas for sustaining its production and may store it. Release of the gas may prove haz indous to the life and health of people of the locality. The emissions of smoke from factories and other matters released in the production process the dust, etc. pollute the atmosphere and serve as a potential source of hazards to human and animal life.

Environment protection has gained importance specially after the Bhopal Cas trageds* in late 1984. Corporate productive units—Industries identified as highly por uting in nature are not allowed to convert their letter of intent to industrial licence unless adequate pollution control measures have been undertaken as per stipulations.

It may be noticed that the Tata Group and others have been assigned the main and downstream of Haldia Petrochemical Project at first visited the site and enquired from the local hospitals about the endemic industrial diseases and started afforestation as a preliminary step to start the project

The major sources of podution are domestic waste, thermal power industry, irrigation, auto exhaust, emissions, abuse of agricultural chemicals, etc.

^{*} The gas reokage at the plant of Union Carbide at Shopal, M. P. India

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Air and water are affected due to edour and bacteria from faecal matter. The Manimum National Standards (MINAS) would control pollution at source. This should be applicable to thermal power plants industries dealing with hazardous chemicals and vehicular exhaust. Thermal Power Sector needs to be kept under a very close watch and timely action alone will prevent acid lication of our atmosphere. It is expected that between 0.5 to 1 Mt of 50. (Sulphur-dioxide) being believed out in the air together with NO, (Nitrous oxide) suspended particulate matter huge quantity of ash etc. In the name of power generation the country may pay much more by way of social costs, health budgets, loss of productivity, etc., if left unattended

Bhopal should be a constant reminder to every one about how fragile our industrial safety system is and we could have learnt much more from the unfortunate incident.

Water pollution needs be controlled. The Ganga Action Plan is only a first aid strategy. The need is to take a total approach as also "solution to pollution by dilution".

Electricity is the carrier of development. There is a correlation between tevel of development and amount of energy used by a country. The non-tenewable forms of energy are tegarded as energy capital and in order to be wise and sagacious if is addisable not to spend the capital. Energy sector is in a crisis trap where conservation of non-renewable sources by replacing or supplementing them by non-polluting renewable ones which are more or less pollution free environmentally clean and socially relevant is the desideratum. One form of energy cannot be a solution. Energy mix—Biomass, Solar Coal, Petroleum natural gas, hydro and nuclear—each supplying not more than 2 % of total requirements should be explored which should be backed by full proof environment safeguards. There are about 5.76,000 visiages in our country where the nexus between fuel, food and fodder has to be appreciated.

Accountabilities for use of material resources

There is no denying the fact that the material resources or deposits are the free gift of nature. These resources are limited in supply. Most of

Environmental Priorities in Inida and Sustainable Development—Seventy Third Session— Indian Science Congress Associations—New Delhy (page 161)



the resources are made to use to serve the requirements. Requirements when appear as demand are of two types—one normal or natural and the other created or artificial. The more and more we are civilised more and more created demands are made. When we say that to be modern is to make standard and simplify. But it is not so simple as it is thought or feet. There lies the crux of the problem.

Man does not create but converts the material and add utility. Sometimes Beauty is added to utility to make it Beauty ity (Beauty + Lit. ity), in order to be modern. In the modern civilisation the corporate sector comes into play with the licence to util se these scarce resources whose ownership lies with every natural citizen. Thus the artificial citizen—the corporate body cannot have the privilege of enjoying the resources wantordy. Its accountability to the present generation lies while the same responsibility to the generations to come cannot be poorly portraved or microscopically viewed ansignificantly. The optimum use of the material must be explored. Coal instural gas petroleum, etc., when harnessed and industries when set up basing on the supply of these resources—t should be remembered that the posterilies are there for whom something should be preserved and a ternatives should be developed.

It may not be impertment or incongruous to state that the theory of comparative advantages in the international marketing does not held good in its entirety. The acid tests of Guif Crisis and in previous occasions OFEC crisis bear the testimony. When the economy had to face the trouble of STAGFLATION with unprecedented spiral rise in prices, despair in consumption retards the growth and unemployment. But even then the hope for PETROCHEMICALS with mainstream and downstream persists for a better tomorrow.

The corporate sector is the trust of these resources and should look after the interest of the beneficiaries. In order to maintain stable economic growth it is necessary that the resources are used carefully and technologies for recycling wastes and residues are evolved. Essentially the choice is between one time use of materials leading to a "throw away society and use of recycled materials leading to a "sustainable society. It is estimated that over 22 Mt of fly ash from thermal power sector is available for unlisation while 90% of biomass are burnt straightway can be made better use.

Industrial civilisation and ecology

The growth of cities, towns as a result of industrialisation resulted in urbanisation with sum which tended to create scissors cross with rural sector. Obviously the rural people and sum dwellers are accused for environmental degradation but it is actually the urban high energy and high consumptive are styles which in the ultimate analysis put pressures on the rural system. Thus provision of environmentally compatible housing together with local ecology locally available building materials and environmental amenities must get attention.

The two most important ingredients for living are air and water. The other name of water is life. It is very vital as the air is fivery breath of oxygen makes significant. Impunity aggravates living Exhaling carbon disoxide and inhating oxygen make the respiratory system continuing. H.O. provides for water which when contaminated with other particles becomes possiled The positionts is wrong materials aggravate both air and water The gaseous envelope when unbridled causes miseries to the millions in an untold manner. The horrors of Second December, 1984 is still in the living memory. As Bhopal's ept a poisonous cloud of gas released from the Linion Carbidi Factory (Ner 3,000) people died and 50 Kill were afflicted with myriad of diseases. The pall of grief is yet to lift. The illusion that modern technology wall fail safe lay shattered. The earth's fragile environment is no longer safe in the hands of man Such reausation gained ground in Chemobyl Nuclear Disaster and Alaskan Oil spill The mowing down of forests and the consumption of fuels are leading to the greenhouse effect. a dangerous build up of carbon di-oxide that threatens a catastrophic rise in global temperature. The earth's protective Ozone layer is being rapidly dep eted by man made chlorofluoro carbons use

Ecologists started regarding protecting the environment as integral to the country's thinking process. Environmentalists in their fight to prevent a dam being built in Sitent Valley in the Western Chat in Kerala and battle mer the controversial Rs. 40,000 crore Narmada River project witnessed the revolt against mindless deforestation. The agitationists slogan is * preserve the last ecological treasure house."

An end to Complacency The 80 s environment—The havne continues but a new awareness sweeps the country by Raj Chengappa. Published in India Today January 15, 1990 (pages 108-114).



The onslaught on forests began after independence when the nationalisation of torests and the privatisation of community pastures were completed. The Forests Department permitted mowing down the forests for commercial purposes. The number of ramy days have gone down from 101 days in 1973 to 58 in 1989. So long the Arax all is remained densely forested the expansion of sandy desert towards Indo-Cangetic plain remained checked.

The existence of the trees plants in the forests near the in-tostriogrowth areas help absorbing the release of carbon in air and thus endeavour in purifying the air through photosynthesis process it may be witnessed that the leaves of the trees get black with the absorption of the smake containing the dust particles released from the chimnesis of the factories. The factory people residing in the campus inhaling the carbon mingled hir develop bronchitis or asthma which often noticed to be the endemic diseases. The ash of the power generating stations gives both to skin diseases. The modern civilisation - the industrialised is sation with its prodigalities found the life and livenhood coincided at one point and thus accept it as what cannot be cured must be endured.

Pollutants a threat to civilisation

Pollutants can be categorised as either degradable and non-degradable. Degradable implies materials that are organic in nature and undergo physical changes through the chemical and biological processes occuring in water. Domestic sewage along with industrial organic wastes paper food processing, oil refining, textue, chemical plants discharge in various stages of treatment into water bodies. When organic wastes are deposited in a river or stream, the bacteria begin to break down the unstable organic wastes into stable inorganic elements, viz. phosphates, nitrates and sulphates. The bacterial degradation of organic wastes will occur with the use of the oxygen dissolved in the water. The process whereby bacteria at lise the free oxygen dissolved in the stream to break down the organic wastes is called an acrobic process. The oxygen requirements of bacteria needed to break down the organic wastes is called the biochemical oxygen demand (BOD).

The acrobic action of bacteria on organic wastes produces inorganic components primarily nitrates and phosphates. These form a base plant nutrients in the water and stimulate algae growth which may be desirable for fish life. But excessive growth alters taste and odour of water may prove toxic to fish life obstruct pavigation and hinder recreation facilities.



Non-degradable pollutants are not changed by bacterial processes it water Industrial wastes viz metals metal it saits chlorides and textus are dispersed and diluted but are not physically altered by natural process in water. Another related group of non-degradable pollutants known as persistent pollutants organic in nature viz DDT synthetic detergents insecticides, herbicides and phenols are persistent and resist treatment process and natural bacterial action. Radioactive wastes are extremely persistent pollutants. Pollutants by ated water brings forth diseases to markond and affects the industries through its corrosive component apart from recreation and aesthetic damages.

A single man in a day breathes between thirty and thirty-five pounds of air in a constant automatic response to extract life giving oxygen

The almosphere extends hundreds of miles upward and man can breath easily within first ten thousand feet. The air is composed of nitrogen (78%) and oxygen (21—) and other gases—argon curbon di-oxide helium hydrogen krypton, neon and zenon.

Increasing industrialisation and urbanisation have created growing demands to use the atmosphere as a waste disposal medium. Conditions of deteriorating air quality have grown more severe as urbanisation and mass consumption become standard ways of life throughout large parts of the world. Economic growth more wastes are behind the emergence of senous air pollution problems. The social costs of poor quality of air in the form of dangers to human health, agricultural damages, property destruction are considerable for the society.

Particulates viz dust soot, ash and smoke are primary pollutants which are dispersed and diffused by natural air but remain structurally una tered coal, natural liquid gas etc. Use of liquid and natural gas because of technological changes decreased particulate pollutants.

Secondary Pollutants

New gaseous pollutants gave birth to problems in structure, stability and effects and difficult to control

(a) Hydrocarbons are organic gases composed of carbon and hydrogen linefficient combustion in motor vehicles when emits in extreme concentration poses health hazards. It unites Nitrogen Oxide via



- photochemical reaction in sunlight produces a phenomenon single Visibility problems and breathing difficulties are the outcome of smog
- (b) Natrogen coude has its origin with gas and oil fuel burning in motor vehicles combined photochemically has devastating effect on vegetation and property. It causes asthmatic attack.
- (c) Sulphur Oxide—arises from lossil fuel burning and produce sulphur dioxide and sulphur trioxide when combined with water creates sulphuric acid which corrodes deteriorates and weakens structures. The source is electrical power generation in combistion of coal.
- of carbon monexide—colourless and odourless methicient combustion of carbon fuel and highly losse and can cause decreased human efficiency in low but chronic doses. It metamorphoses human physiology inhalation of which cluses blood carboxy theme git bin (COHb) It 20% presence in blood occur maltim fronting of heart because CO blocks the transport of oxygen to blood stream CO concentration causes death since it raises COHb to 61. The First reniment Protection Agency made a quantitative measure of the extent of air poliution in United States in 1970 which provides for a perversely impressive scenario.
- (e) Heavy metals. Pollutants are mainly dominated by lead whose chief source is automobite exhaust. Excess inharation or ingestion of lead causes poisoning and are symptomised by anaemia miscarriage irritability motor nerve paralysis mental retardation cerebral palsy and atrophy of optic nerves found in children Cadmium is another heavy metal inhalation of which causes kidney and lung damage.
- (f Carcinogenic compound—Poly iromatic hydrocarbons are found in wax industry with high temperature distillation is related with skin and of scortal cancer.
- (g) Radioactivity -causes cancer and genetic disorder by ionizing radiation

A hazardous chemical or micro organism substance is affecting the health and well being of humankind and its environment either by improper

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handling or by natural contact. A disturbing situation has arisen on account of the resistance developed to the pesticides by arthropods and plant pathogens, weeds and nematicides. While the number of resistant species in arthropods has doubled that of other species has gone up.

The lesson of Bhopal tragedy provides that regardless of the cultural differences of nation, the satety standards of the developed world's industrial complex which handle deadly chemicals should be applied in the industrial plants in the developing countries. We want to avoid even the least suspicion that multinational corporation place low premium.

On the lives of the less affluent societies and that because of some restrictive national regulations from the developing countries there is lack of motivation by the multinationals to ensure adequate measures to protect the people who work at such plants. Any regulation or provision for early warning which can track down such leaks and give emergency personnel the chance to mp tragedies in the bud is surely cheaper than more than USS 80 billion in claims which have been filed in the United States courts and other compensation which Union Carbide may have to pay to the betwaved families and the injured. Even more important is the salvation of the lives of the many people that inhabit and work in such vicinities.

*Twelfth Power Survey Committee has assessed that by the end of Seventh Plan the requirements of the country for energy generation would be of the order of 269 billion units and at the end of Eighth Plan 429 billion units (1984-1985). Total 150-63 billion out of which 98-77 thermal 53-78 hydro and 4-08 nuclear). There are 69 thermal power stations including Super thermal power stations of 8300 Mw. During 1985-86 nearly 74-29 Mt of coal per year is required which would release 22-16 Mt per year of fly ash at 80% collection. The corresponding figure in 1989-90 perhaps is in the range of 138-22 Mt per year of coal and 32-793 Mt of fly ash. In addition there would be substantial amount of flue gases.

It is an acknowledged fact that due to high ash content thermal quality of Indian Coal is interior. The fly ash is collected wet (Sturry) and not as dry ash. The utilisation of fly ash is very poor about 5% and aimost all of it is dumped in ash disposal areas which in itself creates environmental pollution.

Environmenta. Priorities in India and sustainable Development by Indian Science Congress Association, New Deth. (page 130)



TABLE - 9

GASEOUS POLLUTANTS FROM A 200 MW THERMAL POWER PLANT coal consumed 6.67 × 200 = 1.334 say 1.400 tonnes a day

Const Tornts	Emission factor Kg/tonne of coal	Emitted Quantity in tonnes a day	
Aldehy de	2.00.15	25,16.0	
Carbon monoxide	0.25	0.35	
Hydrocarbon	0.10	0.14	
Oxides of Narogen	10.60	14.00	
Oxides of Sulphur (0.5	5% S) 19 (S)	13 30	
Particulate (33% Ash)	8 (A)	369-60	
Ash	2 4	47.60	

(A) Ash content in Coal - 5) Sulphur content in coal %

Source Sixtyminth Session Chaudhurs 1982 Indian Science Congress Association (page 137)

The release of SO, from the power sector besides metallurgical sector exhaust emission from vehicles and burning of coal and biomass add to the gaseous and particulate poliution and give birth to make problem of acidification of our environment. Acid poliution is likely to be transmitted through rain, mist dry air meeting show and soil. This would effect our agriculture, forests tourism, rural development and other cognate aspects of national ventures."

A few developed countries have been identified as exporters of the great threat of modern civilization - the AID's Likewise acid pollution may bring to international polities as we may become exporters of pollution like Britain and USA.

Automobile industries are the most stable economic facet of the corporate sector providing for employment opportunities transport and a status symbol. But this has lead to congestion parking problem, noise, toxic and corrosive furnes and accidental death. The oil crisis compels restriction in the use of the vehicle but the number of cars plying is always on the tricrease.

The toxic vehicular exhausts are a source of considerable air pollution next only to thermal power plants



The Central Board as also Indian Institute of Petroleum in 1988 have surveyed 2. 3 and 4 wheeler petrol driven as also diese driven vehicles particularly for two parameters, smoke and carbon mono-oxide. The survey revealed *

- 11. Stable number of vehicles exceeded the standards set by ISI for exhaust for smoke and CO Only 38% of two 53% of three and 24 of four wheelers meet the limit of 3% of CO-emission.
- (2) The majority of the diesel driven vehicles also do not conform to the ISI standards for exhaust emission. Only 20" of buses meet the standards.

News that there is continuous emission of fly ash and harmful gases from the five channess of the Bandel Therma. Power Plant situated at Tribeni just across the Ganga. The fly ash which contains oxides of sulphur, carbon coal particles and dust is making the people sick on both sides of the Ganga achieved to the plant. Clouds of black smake and ashes enveloping the clear sky is not an uncomment sight or Kalyani and Tribeni.*

The position by the power plant has affected the ecology and the residents suffer mostly from respiratory trouble asthma, skin and eye diseases, allergies and diarrhoea. Old people and children are the worst sufferers, the residents of the areas complain, and say that crops, vegetables and plants have been affected as well in an effort to contain the pollution, 289 residents of Kalyani sent an appeal to Mrs. Maneka Gandhi, his ironment and Forest Minister on March 4.

The signatures include university teachers research scholars students and housewives

It has been learnt that an order for electrostatic precipitators had been placed about a year ago but they are yet to be installed. Residents think that timancial problems might be the reason for the delay but feel that a massive plantation drive around the power plants and installation of electrostatic precipitators may minimize the pollution.

Chronic power shortage has created another problem to add to the pollutants to the environment. The mini generators are more in use with

^{*} Ashen Slues at Kalyani Statesman Calculta-April 4 199,



different capacity to meet the requirements of the office and domestic ends. Apart from the exhausts releasing smoke and carbon the most intolerable element is the sound and its vibration. The sound pollution has aggravated the civic life. If the cosmopolitan cities. The factory pollutants have been extended to the every day domestic life which aggravate the neighbourty relation and familia bonds by causing annoyance and itritation.

Noise pollution are related to density of population and activities and to the growing use of vehicles. It is generally observed that permanent hearing impairment is linked with occupational noise rather than daily environmental noise. Noise also lead to stress by automatic and unconstitute physiological reaction comprising of high blood pressure foster breathing and heart beats and an increased rate of release of hormones into broad. Noise usually cause heart and circulatory diseases. It handers the skill in children.

Environmental noise cause simple annexance and there is a relationship between noise exposure and the percentage of highly annoved people.

Some creates emotional stress that in turn constricts the flow of blood circulation by reducing the diameter of blood vesses. This is the basic color of noise induced hearing loss as hearing cells die from blood deprivation. The contribution of noise to emotional stress is now only a challenging research problem for the medical sciences. The social costs of noise in terms of health and productivity loss may prove to be considerable. Noise obviously disturb sleep and rest. It has direct effects on economy in terms of productivity accident, etc. In addition, it is simply an irritating invasion of privacy.

Strawas and Mainwarings in 1984 while describing sources of air pollutants gave an account of the pollutant gases, their major sources and the corresponding natural source



TABLE - 10

Cias	Major pod dant source	Natural source		
Suphur di uside	combustion of coa and oil roasting of sulphide ores	Av car KA		
Hs frogen salphide	chemical pricesses sewage treatment	Volcanoes biologica action in swamps		
Carbon monoxide	motor car exhausts	Forest fire terpene reaction		
Nitrigen cuides	combustion	Bacterial action in soil		
Ammonia	water treatment	Biological decay		
No spense sende	and rect's from use of Artrogen ferhazer	Blolegical action in sold		
Hydrocarbon	combustion exhausts chemica process	Biological process		
Carbon dion de	combastion	Riological decay Ocean selease		

Fertiliser Fibres. Paints. Plastic and Rubber industries contribute enarmous pollutants in the air which are not controllable. While manufacturing tertilizer sulphuric acid is mixed with rock phosphate powder. As a result during manufacture of superphosphate hydrogen fluoride and hydrosilicic acids are emitted to the air as dangerous pollutants. Petrochemical industry has its by products hydrocarbons. Hydrocarbon gases combustion wastergases (mainly sulphur and sulphur dioxide) sulphur containing gases like sulphur dioxide and hydrogen sulphate are the pollutants often reseased in the atmosphere by oil retineries.

Photochemical smog is the complex mixture of products formed from the interaction of nitric oxide and hydrocarbons originating from automobile exhaust with sunlight. High oxidant levels is the important characteristic for smog formation.

Classical smogs are characterised by high levels of sulphur dioxide and smoke particles which gets concentrated under stagnated water conditions

This causes mortality and timess of synergistic association between surphur dioxide particulates and their reaction product sulphuric acid. There is a relationship between surphur dioxide particulate pollution and chronic bronchitis, emphysema and asthmatic attacks.



TABLE -- 11

Type (sn mt/year)							
אכודאינארי א	Carbon monoxide	Suiphar dioxide	Hydro carbon	Parti- culate	Nitmgen bxide	per cent	
Transportation	1,11.0	10	19.5	07	11.7	55 77	
Stationary fael	8	26.5	6	6.5	2=4	12.85	
Industria. Process	31.4	6.0	5.5	13.1	5.2	13 15	
Refuse disposal	72	2	22.0	14	0.4	9.62	
Miscelaneous	16.8	3	2.1	3:4	0.4	h) Prij.	
Total	147.2	13.9	34.7	25.4	22 7	1.10	
Per cent 100 =	55 77	12 55	13.5	9 62	86		

Professor B. N. Maity, a senior scientist in the Department of Chemical Engineering, I. I. T. Khatagput, states in the perspective of GUTF WAR that the concentration levels of common air pollutants along with some specific particulate pollutants like dust of aluminia, sand from oxides of lead antimony phosphorous etc. will occur Acid rain due to surphur dioxide a common pollutant oxidized in the atmosphere will result corrosion of non and other metals and acidity ponds lakes and other reservoirs aftecting the ecological balance causing the pollutant to react the lungs, leading to bronchial diseases.

Incomplete combustion of oil and gas may react with pitrogen oxides to form the "photochemical smog" which contains several other oxidative compounds in the areas where solar radiation is strong and the atmospheric circulation is relatively poor the possibility of smog formation increases as the process is initiated by ultraviolet radiation. Photochemical smogs are tout both to animal and plant.

The smog itself reduces vision and critates the eyes. Another common pollutant, carbon monoxide, also a product of incomplete combustion of hydrocarbons, is strongly toxic and it reacts with haemoglobin it reduces

Environment will suffer after War-report from Staff Correspondent—Published in the Statesman, dated 26:291



symptoms of your thing. Even before the GULF WAR, there has been serious global concern over call spills caused by accidental leakages from supertinivers leading docks barges pipelines and the estimated annual leakage of crude oil during transport as \$50,000 tons approx. The sheek restricts the passage of sunlight to the seal causing the withering away of various aquatic plants as there can be no photosymbes s. The respiral on of fish and aquatic animals are affected due to reduction of ovegen. Many manife birds last their flying capitally and many were to indifficulty doctor has been shown to be succeeded to the shore or sank in the Seal since the shock in the Gulf War.

Of course clean up measures - mechanical gathering and sorbent fet very as well as dispersing agents sinking igents barning and baragical agents are also available.

But alas, the environment remains at the mercy conscious and astroof such poliutant producing corporate bodies.

The diversity of pollutints and their sources suggest that a uniform national air quality policy may be exceedingly difficult to formulate and enforce.

One should not forget that air pollution problem is an intrinsic part of economic a tivity and growth of a country for better standard of living. The increasing production of goods relatively low level of recycling and materials and conservation of matter result in increasing amount of Junk and solid wastes.

Evidence suggests damaging effects on human exposure to poor air quality over long periods. Bronchatis, asthma, lung cancer and emphysema in addition to general mortality and morbidity rates are imminent. Cardiovascular diseases pneumonia and pulmonary tuberculosis diseases show increase with higher ever of air pollution and urban residence. Human health costs of air pollution need be estimated. Agricultural damage is caused by air pollutions ozone, sulphur dioxide, and fluorides.

Ozone attects plant cells beneath the surface of leaf. Sulphur drovide taken through respiratory process in combination with water in the plant become toxic to plant cell and adversely affect crops, trees due to power plant discharges.

Fluorides affect photosynthesis of plants, fruits, livestock Property damage by emission of perticulate matter that some clothes, autos, homes



and buildings. Blackened facades of buildings because of a concarbor and sulphur pollutants corrodc. Tack and weaken materials by oz he Sulphur is distormed from a combination of emission of sulphur oxide and water weaken and wear building surfaces.

The fly ask emitted at Bhatinda Power Generating Station in the surrounding atmosphere is creating smoke causing nasal eye and respirative trouble to the residents. Crop lands are also affected.

The pride of India one of the eight wonders of the works the embodiment of the platonic and eternal asses the IAIMAHAL has witnessed the possible corrosion of marble and sandstone of Agra. Fatenpur Sikri Mathura and Vrindatian from corrosive gasecus emissions. The excelence of accodecture the monuments and all antiques recognised as prides of the country are gradually made to succumb to the air pollutants which are gaining corrosive particles daily. The apprehension of the damage to the Victoria Memorial Hall cannot be ruled out.

The industrial cities and mining districts are now ravaged by the pollutants and poisons pumped into the air. The environment contains unacceptably high concentration of sulphur diox de nitrogen ox de acid rain heavy metals and trace elements including assenic cadmium, chromium mercury, lead manganese vanadium faiorine and barylaine.

Man with his growing technological knowshow is continuously endeavouring to manipulate the environment. Man is a part of nature in the only one of the many species who inhabit the earth but man treated it as his colony to exploit it. Owing to the lack of understanding of the econogical viewpoint man sometimes fails to anticipate many of the long term results of his environmental man pulation. As a result ecological balance is disturbed. Sometimes the problem is aggravated due to man sunsy ingness to recognise the attendant problems of ecological imbalances. When ecological balance is disrupted natural resources get exposed to process of fenudation and in turn man endangers his own existence.

*Largescale desert conditions as can be seen in the middle east are the authentic example of human plundering in Nature's Kingdom. The great sand dunes over civilization of Mahenjodaro and Harappa point out to the

That Desert moving manacingly. Desert advances as the Araya tis writer denudation by Suchirendra Sharma in India Today (page 164) Oct. 15, 1989.



fact that the deserts marched mercilessly into this civilization. This bears the testimony that the deserts of Rajasthan and Pakistan are not a geographical phenomena but man made.

The economic activity of man towards cumination of the growth in the economy for wealth generation for the posterities has in fact featured largely through mismanagement of natural resources—through corporate efforts of man in agricultural and industrial development has given rise to numerous environmental problems - air water and soil pollution with a senious consequence adversely affecting the health, and well being of mankind.

According to World Bank's report 640 million people live in absolute poverty in India 48% of the population live below poverty level according to the estimates of the Planning Commission. Poverty and unemployment are interrelated A bungry man does not care about killing a game in reserved filtest or cutting firewood in steep slopes. The destruction of forests, the low productivity through disease and malnutrition and the increasing pressure by way of poverty stricken communities on fragile eco systems are as damaging as pollution created by industry and similar activities of man

Diptheria whooping cough, tetanus, measies, poliomyelitis and tuberculosis account for deaths of about five million every year in the third world countries while another four million are hable to severe disabilities.

The growth of population caused constant decrease in and labour ratio and torced conversion of forest lands to cultivable land—plundering the forest wealth to meet their immediate requirement of food—a glaring example of the shifting cultivation and its affect of environment.

The system within which man and society operate has biological, hydrological technical, climatic and other facts. But unless it becomes possible to influence the behaviour of the population all hopes of saving the sapidly deteriorating eco-system will be frustrated. The individual's behaviour is controlled by the image he has of the world around him eight by his knowledge his beliefs and values. Majority of our population are poor illiterate and live in the villages, backward regions. They have very little idea about degradation of our environment.

The success or failure of any technological innovation depends on socioeconomic considerations. There is a gap between the knowledge gathered



and its application and madequate interaction between scientists, technologists economists and social scientists and the common people. One should not forget that we have not inherited the earth from our tathers we have borrowed it from our children.

Future generations will accuse the people of today's world of gross negligence in taking to select leaders who have the understanding the caring and the political will necessary to work towards the long term sustenance of ite on earth. There is no acceptable excuse to day for the national leaders for not knowing the interdependance of all lite on earth.

Of course the remedy in providing knowledge awareness of the situation also lies to a great extent on the functioning of the corporate sector. It is not the business alone but the business of the society and the environment which create the objective for worth functioning and responsiveness of the corporate body.

A look at the objectives and past performance records of TISCO appears that broad roads with 88 km link garden park 81 schools 5 nursuries 47 ponds, 42 wells and 118 deep tube wells. 3 community development and family welfare centres. 11 backward and rural development projects in respect of 149 villages have been made where instructions in respect of use of fertiliser and pesticides are imparted to the villagers. As a result the villagers and the TISCO appear to belong to one soul.*

There is no denying the fact that the rapid increase in population along with the growth in industrial activity of nations, unmargated migration to urban centres leading to creation of slums mass illiteracy and political inephtude are some of the causes that leads to serious environmental problems of to-day. The advancement of science and technology has helped accelerating to process of environmental pollubon aggravating the health thereby making it hazardous.

Trees convert carbon dioxide into life saving oxygen and help keeping atmosphere clean and healthy. The smoke of industrial chimneys and the exhaust of cars, trucks, buses etc. release carbon dioxide which is added to the release by hving organisms when they respire. A sound and healthy

Tata Steel is not lagging behind in Social Service Company's Social Service—By Staff reporter Published in Panhantan 1-7 Sept. 1989 Calculta (pages 25-27)



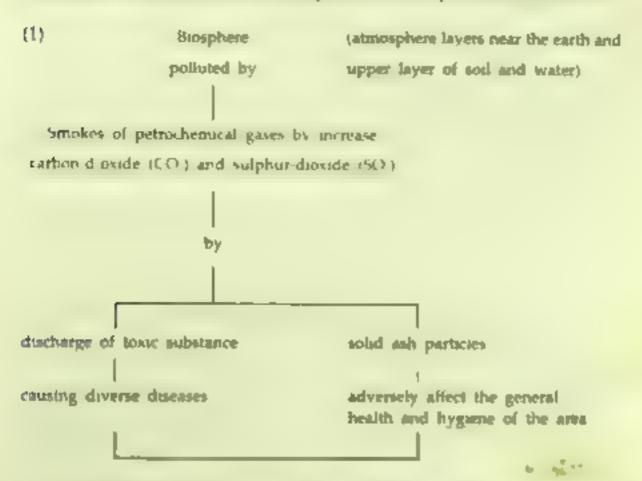
tree at pole stage when growing vigorously can produce enough oxygen for 10 to 20 persons. A heatre of natural green treeland gives off between 600-650 kg of oxygen within 18 hours and uses up to 900 kg of carbon dioxide."

Most energy is a conversion of the energy of the sun. Electrical powers come from rivers streams and waterfalls from melting snow and rain Rain evaporated from the sea by the heat of the sun. Coal, oil and petrochemicals are the fossilised remains of plants and trees which in turn have taken up energy from the sun Trees are mini factories which convert energy of the food fibre and fuel by the process of photosynthesis. A healthy treeland supports a number of micro systems of fungi-insects, birds and other animals. which feed on each other and depend on each other. These contribute to an ecologica, balance of nature. Trees help retaining 60th feagile top soil cause. rainfal. The failen leaves, branches, etc. enrich the soil forming humusthe nutrients of growth which fertilise the soil. Trees give shelter food and protection to human birds insects and other animals. No birds or animals can survive without plants nor can man. Rubber coir lac, paint, medicine gum and various other products apart from fruit, coffee cocoa are the gift of trees apart from paper pulp ply wood match packaging material chemical and our etc. Treelands provide cool belt in hot climate. Strips of 50 to 5 000 metres wide can reduce temperature by 3" to 5°C. Trees absorb harmful and unwanted gases through their leaves punifying the atmosphere and filtering out the dust particles, soot smoke etc. from the circulating air Salubrious effect of trees in curbing noise pollution is noteworthy. Thus the telling of trees deforestation due to setting up of industries or, costly protects have caused a concern towards ecology imbalance and environment pollution. To stop it annual Vanamahotsav have started since 1950 for afforestation

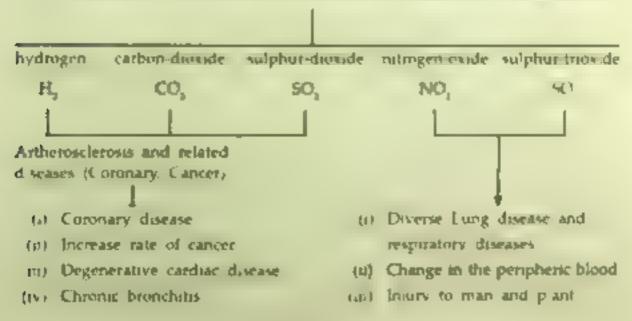
^{*} Adoption of Trees. The Rationale paper submitted by Sn P. K. Dutta. Dist. Forest Officer. (Retd) in the Seminar on. Trees our life. Trees for beauty organised by V vekananda Nidhi on June 7, 1987.



Pollution of environment and biosphere may be portraved as follows



(2) Industrialised metropolitan cities like Calcutta. De h., Bombay are polluted by diverse fuel burning by industries, automobiles and thermal power stations and affecting biosphere by pollutants.



Again rationale for conservation must be demonstrated to succed against conventional forms of economic development where it has been noticed a steady rise in the implicit price or social value of natural environment. The natural biological environment is an ecological system of plants and animals that form a genetic poor. A great variety of discoveries resulting in advances in scientific knowledge made it possible from this natural genetic pool if it diminishes by loss of species future research will be forecosed and the geophysical science will suffer

We are confronted with imminent contradictions—Growth of the economy and human welfare. Use of material resources for mass consumption and quality of lite and accountability to future generations.

Growth increases consumption per capita, greater longivity and better beauth and freedom from ceaseless toil but inevitably destroys environmental quality Simplistically continued geometric growth of output means geometric growth of effluents which will inevitably seembers the finite absorbing capacities of environmenta, programme. Again optimum use of material resources can only help in conservation of resources. The value analysis and change in the design can add attitut to scarce resources. The chimney system of the factories if followed and an exhaust pipe to release smokes of automobiles at the back may help dilution of pollutants or switch over to electrically operated automobiles may make pollution free

Pollutants and pollution would appear to be a necessary evil. These are associated with growth activities. No socialistic national we fare State can allow its people to starve. On the contrary it cannot allow also its people to be the victim of circumstances which have been created in the process of fostering growth to the economy through the corporate bodies. The move should therefore be made circumspectedly—on the one hand by the corporate bodies and on the other by the Government.

In Keynes's view the need to economise—to work hard save and strive for material prospenty—had a legitimate social function only in the transitional stage of rising from general poverty through scarcity to a final satiety. Once man achieved material satiety the unnatural and unaesthetic habits of economising could happily be dropped, for they no longer would have any useful social function. Thus Keynes saw economic growth as a good thing not in itself but rather as a prerequeste for the good life for all of mankind



The brill ant English economist E. J. Mishan postulates a sharp dichotomy of tastes between what we may call the modernists and the environmentalists. The modernists desire maximum consumption of goods and services and favour growth in industrial production and thrive on noise confusion and excitement. The environmentalists stand willing to sacrifice many comforts and conveniences from modern production techniques in order to ency amenity. Mishan questions how society can reconcile the divergent interest of two groups.

Thus service oriented growth in the form of improvement in quality in contrast with goods oriented growth would expect to achieve higher quality medical care better education and improved services which will conserve scance environmental resources to sustain humanistic values build engineering of changes in relative prices is not an environmental panacea but a pre-requisite for substantial progress against environmental deterioration.

Pollutants are meance to the mankind and question the survival and continuity of the civilization. To combat such unnecessary necessary an environmental programme must be developed. This should be tought from two directions.

Firstly an environmental pollution control as an in built system in the productive means must be developed along with the end use of the pollutants. Instances may be cited that selection of optimum system for power plant involves careful analysis of pollution control equipment and on capital and operating costs of the equipment. The fly ash of thermal power stations are conected by mechanical dust conectors (dry type) and fabric filters by (a gravitational separators, (b) Bag House Dust collector (c) Cyclone separator (d) Electrostatic Precipitators (ESP) etc."

Use of ash in the production of concrete is technically established 20% of fly ash and 30% of bottom ash are presently used constructively in USA. Ash is widely used in the production of cement. Hy ash develops self-hardening characteristics. Concrete made of ash showed improved worksbuilty and strength greater than all cement based concrete. The ash lime mixture creates a healing of cracks in the pavement themselves.

A Test Book of Power Plant Engineering by P. C. Sharma, Katson Publishing House Ludhira, Pages 278-283).



Due to their better alkali values, they are used for treating acidic soils lis use for agricultural purposes recently experimented in Japan and it is found that it supplies essential nutrients such as sulphur boron calcium and zinc which help plant growth and increases yield of corn. An average fly ash contains 44% silica 21% alumina 12% ferric oxide which may also be gainfully utilised with further research and productive means so as to excit the nuisance value from the threat to environmental poliutants.

It is very pertinent to note that corporate bodies in economically advanced countries behave responsive by undertaking research to find out the cause of health hazards in the use of their products

In mid 1960s news that preatminary research studies had linked aluminium with Alzheimer's was received with concern both by the public and by the aluminium industry. Scientists have been very keen to find evidence that aluminium is the causal agent of Alzheimer's, which strikes with stealth robbing its victims of their memory, their judgement, their communication skills and their personality before rendering them completely incapable of caring themselves.

*Dr Creighton Phelps, Vice-president of Medical and Scientific Affairs for the U.S. A zheimer's Association observes. "We have identified the hallmarks of the disease pathologically to be neuritic plaques that occur in the brain and neurotibriallary tangles that occur in the neurons. The only risk factor that everyone agrees on is age."

It has been observed that ninety per cent of the victims are over 65. As the population ages and the cost of caring for Alzheimer patient increases, the need to pinpoint the factors responsible for Alzheimer 3 is becoming more acute.

In United States there are four multion adults affected with the disease which will rise between 12 and 14 nullion by 2040 if preventive measures are not found and the cost of patient care currently at US \$ 54 billion per year, will akyrocket

Or Phelps says "Alzheimer's is going to be a major public health problem if nothing is done to stop it." Nearly \$ 20 million has been invested since 1980 for research. Despite, internationally. Government agencies,

Compass Number one 1991 Journal of Alean L.S.A.



medical schools and organisations having interest in aging and cognitive disorders are contributing funds, equipment and laboratory space also ALCAN through aluminium associations in the United States. Great Britain and Austrana has been supporting studies into age related disorders for over 220 years, that will unravel the tangle of conjecture surrounding the metal strole in the disease. Dr. John W. Kelly, Alcan's Vice-President occupational health and safety says. "We are supporting research so that some of the controversial issues may be resolved. There are no strings attached to the finding. Scientists contribute to expend the knowledge of Alzheimer's because such research with help find an answer. If not in the short term then certainly in the long term."

There are University Chairs for the study of Alzheimer's disease and neurological disorders at McGill University at Montreal and the University of British Columbia. Alcan organised Second International Conference on Azzheimer's disease held in Toranto in 1990 which brought together nearly 700 scientists from 27 countries.

Even then controversial reports have led some consumers to limit their use of aluminium products.

Ad human beings are born with minute amounts of aluminium in their brains. It remains to be determined whether the abnormal levels of aluminium zinc, calcium, mercury, phosphorous, and silicon found in the brains of Alzheimer's victims are a cause or an effect of the disease, or indeed have anything to do with it. The U.S. Food and Drug Administration, opines the typical dietary intake of aluminium by teenagers and adults is between 12 and 14 milligrams per day, which passes through the digestive tract and out of the body, only trace amounts accumulate over time. The efficient blood brain barrier in humans prevents the passage of aluminium to the brain. The weak barriers make individuals predisposed to greater deposits of such trace elements.

In the welter of controversy that Dr Donald R C McLachlan, Director of University of Toranto's Neurodegenerative Disease Research Centre discovered high levels of aluminium in the brain tissue of Aizheimer's victime in 1970s.

In October 1990 Dr. McLachlan stated Alzheimer's disease is multifactorial, like every other major disease the aluminium is just one of



the factors and suggested a cauticus approach to the use of a imminum and advocates a aminium content labelling on foodstutts and cosmet is

It is obvious that the support of ALCAN for carrying out the research work is wholeheartedly. David Morten Chairman and C.E.O. states. I have said again and again that Aican, as part of the aluminium industry needs to know the truth, and we will support rigorous research aimed at doing so. We do not believe that aluminium is a cause of the disease, but we need to have the truth uncovered as soon as possible, so that perception does not swamp reality."

Attention is also being paid to the possibility that Alzheimer's may be a hereditary trait passed through detective genes. Invironmental toxin, including from and silicon are also being studied as possible co-factors as are viral infections, malfunctioning neuro-chemical transmitters and herve growth deficiencies.

Alumin am is the third most abundant element on earth occurring naturally in water seil and air By virtue of its pervasive nature in the environment and of its use in a wide range of pharmaceutica, and consumer related products as well as in water purification and food preservation a similar man has been caught in the crossing of health related conjecture of much of this country.

Today the consensus of independent researchers and physicians as well as government agencies university medical schools and organisations directly concerned with Arzheimer's is that aluminium has not been shown to be a cause of the disease.

Tite Massi engineering and maintenance manager of Aican estimates that Alcan Aluminium had about 50,000 torines of slag in storage. The determination of the Company to recycle and rouse will process 15,000 torines of material by 1992 to do away with the salt siag and dress dust which if exposed to dampness give off gases such as hydrogen, ammonia and methane and can possibly explode. Aican thus provides for stringent technical and environmental conditions:

- ** The point should be safe, reliable and ecologically in full compliance with the law.
- The capacity should be such as to allow the flow of the two types of waste material (salt slag and dress dust to be treated,



- The salt and the insoluble materials that would be the end product should be of a quality suitable for reuse
- " The plant was not to release any liquid or solid effluent

It has been reported that Andrew Yule Co - A Covt of India Undertaking is concentrating on the pollution treatment mechanism (See Appendix-II)

These aspects call for an overview of the thing Again overviewing is possible by an enlightened and unbrased approach which can only be provided by the SCX IAL ALDIT which examine the production criented growth through service oriented mechanism and provide for tools and techniques away from pushing the pencil but by pushing the brain

On the other hand, the approach to the problem to fight the menace by the Covernment refers to the probabilities and regulative measures. The two legislations of water and air pollution control in our country refer to two statutory bodies viz., Central Board and State Boards. The functions of the Boards are mainly to advise plan nation wide programme, co-ordinate providing technical assistance and guidance plan and organise training collection and compilation of data, lay down the quality or standard, dissemination, etc. It is often sarcastically remarked that 'now a days everybody is the adviser nobody seeks advice if the car is parked in a 'No Parking Zone' with impunity, the impact of rendering such advisory function can be well imagined.

The State Boards prescribe a pro-forma for submission of information for obtaining no objection certificate from pollution angle which prescribe

- (i) consideration of less polluting process a ternatives and the reasons for adopting the present process, and
- (ii) description of the process technology utilised with a flow chart (Prescribed form in the Appendix-III)



Constitutional provision on environment

There is specific reference in our Constitution about environment Article 48A* provides

The State shall endeavour to protect and improve the environment and to sateguard the torests and wild life of the country

Article 51A** among other things states

"It shall be the duty of every citizen of India (g) to protect and improve the natural environment including forests, lakes, rivers and wild life and to have compassion for living creatures."

In our endeavour towards humanising of society there is no business function on which the handling of social issues does not impinge. We may begin with business strategy go through production product design marketing human resources purchasing quality control public relations. Government teation community relation and corporate philanthropy. The social issues put the existing functions under stress and suggest ways in which their efficiency and effectiveness may be improved.

When pollution control equipment has been added to old processes, the capital cost is identifiable. But when new processes are designed which do not potate it is impossible to assess the cost of pollution control. And if the process is more efficient and pollution control is therefore profitable, the question arises whether the corporate body be assigned a responsibility debit? There is no way of isolating the SCCTAL COST.

No business investment pays off instantly. Unless the benefit appears in the same accounting period as the expense or the expense is capitalised and carried forward into subsequent accounting periods in anticipation of tuture benefits it appears on the books as a cost***

On the other hand, if any mandatory provision is there the approach is just mere compliance with the law. We think better of those corporations whose executives refuse to contribute funds illegally to election campaign Similarly it is not profitability to justify upkeeping the pollution free environment but the social responsibility reported by Social Audit through social measurement systems. How they are designed, introduced and used raise important questions to professionals.

^{*} The Constitution of India

^{**} The Constitution of India

^{***} Corporate Social Responsiveness. The Medern Dilemma Raymond Bauer, page 8).
Reston Publishing Company, Inc. Reston, Virginia.



Corporate social responsibility to pollution

Corporate social responsibility with regard to pollution may construe to be a civil as well as criminal liability. If it is a civil wrong it is fortious Lability and the remedy is damages to all those who are affected Of the various species of forts, negligence is the most directly relative fort in the field of pollution. The liability under the rusing of the English Court in 1866. in Reland Vs. Fletcher is strict and it is no defence that the writing matter escaped without the persons wiiful act. Generally a person is hable only for a tort committed by himself or assisted or encouraged by him or lar a fort in which he has participated. But the act of an employee binds his employer. The vicarious liability can be attributed against a corporate, body also for a tort committed by its employee within the scope of his employment. If the corporate body has been guilty of fortious conduct, e.g. negligence in the management of a tactory causing harmful polaritor, can the Director or other officials be made liable to pay the damages for the fort. The Supreme Court recently in Sri Ram Food & Fertilizer's case in 1985 awarded damages against the company for the injury of several persons and death of one person. due to leakage of oleum gas from the factory Subsequently the caustic chlorine plant in which the disaster occurred was permitted to restart with the following directions

The management of Shri Ram will obtain an undertaking from the Chairman and Managing Director of the Delhi Cloth Milis Limited which is the owner of the various units of Shri Ram and also from the officers who are in the actual management of the caustic chlorine plant that in case there is any escape of chiorine gas resulting in any death or injury to the workmen or to the people living in the various they will be personally responsible for the payment of compensation for such death or injury and such undertaking shall be filed in court within one week from today."

Thus the directors and other officers become hable for corporate toris-

With regard to the intention or neg, gence or other mental elements of the wrongdoer, the Supreme Court of India observed

"We in India cannot hold our hands back and I venture to evolve a new principle of liability which English Courts have not done. We have to develop our own law and if we find that it is necessary to construct a new principle of liability to deal with an unusual situation which has arisen and which is likely to arise in future on account of hazardous or inherently



dangerous industries which are concommitant to an industrial economy, there is no reason why we should hesitate to evolve such principle of lability merely because it has not been done so in Logland. We are of the view that an enterprise which is engaged in a hazardous or inherently dangerous industry which poses a potential threat to the health and satety of the persons working in the factory and residing in the surrounding areas lowes an absolute and non-delegable duty to the community to ensure that no harm results to anyone on account of hazardous of inherently dangerous nature of the activity which it has undertaken. The enterprise must be held to be under an obligit, in to provide that the hizardous or inherently dingerous activity in which it is engaged must be conducted with the highest standards of safety and if any harm results on account of such activity, the enterprise must be absolutely lab to compensate for such harm and it should be no answer to the enterprise to say that it had truen all reasonable care and that the harm occurred without any neg gence an its part.

This about its a part of the SOCIAL COST for cirrying the hazardous or inherently dangerous activity.

The or minal liability of a corporate body in the sphere of pollution has also been going up. One such important case as a recent ruling in the Supreme Court in UP Pollution Control Board Vs. Mod. Distillary (August 6, 1987) is lind. Jud. Reports (SC), 375 in the context of the Water (Prevention and Control of Pollution. Act. 1974 (section 47 of the Act). The Chairman, Vice-Chairman or the Managing Director cannot be vicariously hable unless there was a prosecution against the company owning an industrial unit.

There is of course no denving the fact that Large Corporate Business Houses are allowed to escape the consequences of the breach committed by them of the provisions of the legislations with impunity by the judiciary due to sheer negligence on the part of the regal practitioners in drafting the complaint. Mode Industries Ltd. Mode Distillary U.P. Vs. U.P. Pollotion Control Board)

Chartered Secretary Institute of Company Secretaries (Feb. 1988) New Dello

Chapter 7

SICKNESS—A DELIBERATE ATTEMPT TO SHOW THUMB TO THE STATE OF A PROLONGED FINANCIAL ILLNESS

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Corporate bodies—Industries grow to rater to the needs of the society. It has been noticed that organizations not imbued with the marro ideas but selfishly motivated eating the cream and make them sick so as to tender them to be a liability of the State. Unding no charge to regain or recovery left at the mercy of the State—an organization which are spatial loss very sympothetically for a few hundred or thousands of employment.

The symptom of desences if properly diagnosed can be cured with administering medicines. Development of tools and techniques of denting with such concertepidemic diseases may lead to obtain the perils and social wastage. Prevention is always better than cure. To do a right thing is preferred to make a thing right and this aspect must be emphasised.

Social audit for unearthing corporate sickness

The statutory audit with its linguistic gymnastics and ticklish attitude of looking at the health of the corporate body from a narrow true and fair vision cannot be said to hold good under the de-regulated, liberalised economy where the investor, creditors, Governmental bodies, public interest group, lending institutions, depositors, suppliers, consumers employees and people around the company need protection.

In common parlance a balance sheet teader wants to know what is not done by a corporate body rather than routine affirmation of what has been done Everybody knows that a company is not sick. This does not require an auditor's affirmation in his report. But the sensatisation of signals of sickness is the desideratum.

Now is the time to liberate the concept of financial statement from mere monetary terms and bring it to closer to absolute level of user friendliness—a watchdog conscience of 'reinvent'



A sick corporate body is bereft of social sanctity in denying the services and remaining far away from the objectives for which it was incorporated thereby be ies the expectations of the society.

Non-voluntary investors: public financial institutions etc. providing flow of fund from publics in general and the creditors in particular get a big job when the corporate body becomes sick and the Sick Industrial Companies (Special Provision). Act in the matter of suspension of coercive proceedings for recovery of dues comes into play. They may even be called upon to forego a part of their claim or rescheduling of payment which funtamount a social waste fostering methiciency all around

Besides, pretension never reflects the true and tair view. But pretension as a strategy pays in the nucro level at a cost in the macro level. Thus sickness though teigned is designed by corporate bodies to exploit the advantages provided by the economic legislations which is none-the-less a social cost and deserves an unveiling treatment.

The crosing need of the hour is to catch the signal of sickness with professional excellence imbued with professional ethics so as to guarantee against the faulty financial management and ultimately the corporate bodies may be saved from apprehended sickness. This noble task can efficiently be accomplished by an indepth study of Industrial/corporate sickness with an insight of social audit under the changing economic environment scenario.

The corporate personanty assigned with the task of wealth generation of the nation rises to the occasion with the performance of natural personanty equipped with professionalism dynamism efficiency and ethics. While the social respons brates of the corporate body have been noticed in producing poison free nutritive food, in providing for pollution free environment, in promising corrupt free management to ensure an enlightened and humane society the entire usue turns to a social liability as soon as the corporate body becomes sick. The growth of artificial corporate body can ensure the growth of the natural person—its management employees and finally the society but the reverse is not true. The growth of natural persons entrusted with the task of functioning of the corporate body does not always ensure the growth of the corporate body. There is the malaise which gradually makes it sick.



Sickness of corporate health

*Sackness is a medical phenomenon which means affected with disease or if health." The biological system is a complex one consisting of number of sub-systems functioning in an integrated manner. The components of system interact individually and jointly with the environment. Disorder or malfunctioning occurs which go a long way to distort the system unless adequate care and caution is taken. Such disorder is manifested or signalling of malfunctioning happens which is known as symptoms. There may be syndrome also. The symptoms are diagnosed to ascertain the disease.

The effectiveness of freatment depends upon the correctness of diagnesis. In correct tragnosis even though provides relief that is ephemeral that connect root out the disease may also spread internally or reappear with new disorder. The whole concept of sickness in medical science applies to any system and as such also to industrial units.

An auditor is a truth finder and has extended his area of jurisdiction multidimensionally in multidisciplines. It is no longer confined in accounts under Commerce alone. His perception pluries the Corporate Voil to prevent the national wastage and to exclude a healthy wealthy peal child and plurisant corporate society. To meet this end in view the auditor has to check up periodically the corporate health. In the third world country, to seek the help of a medical practitioner is a matter of last stage. It should be borne in mind that to sustain good health periodic check up is necessary since prevention is better than cure?

Again there is a big difference between 'to do a right thing and to do a thing right. While in the former case it presupposes efficiences economy and effectiveness, the latter can only vouch for perfection through trial and error method at a huge cost wastage inefficiency and sometimes there is no return from that

Sickness in corporate sector may arise either in the normal course of its functioning or it may be due to deliberate mobilitied action of the persons responsible to it.

Sickness in Small Scale Industries by Asbok Holdra, published in Chartered Secretary.
 Vol. XV. No. 12. Dec. 1985 (page 929) of The Institute of Company Secretaries. New De hi



A developing country cannot allow its resources to be wasted due to sickness of the corporate body. Rather, hardly it can be afforded by society Sometimes, it is viewed that sickness in industry is a part of economic life. But in India it has been persisting and has assumed serious proportions in recent years extending to various industries and different regions of the country. The magnitude of the problem can be visualised by the fact that staggering credit of the order of thousands of crores are locked up in sick units and about 40% of the amounts due in a particular year (towards repayment of principal and interest) are recovered in that year and the balance is either rescheduled or detaulted or written off as irrecoverable

It has been noticed earner that the irresponsible motivated action of the persons entrusted to sanction loan and the programme of the Covernment agency in celebrating bonanza of "Loan Week" etc. has rendered the vital organ of the Covernment machinery by making the banks and financial institutions sick

*TABLE -- 12

Year	Sick units	Medium	Large	Small
[979 (December)	22 366	1 013	378	20,975
1982 (June)	28,360	994	422	25,342
1984	93,282	1,287	545	91 430

Out of 2.99 lakh units (registered with State Directorate covered by Census) 32.315 were not traceable and 66.161 closed 20,000 units in small scale sector enjoying credit facilities from scheduled commercial banks are incurring cash losses locking up bank funds to the tune of 200 crores raised to 3.274 crores in 1984. One lakh sick units and involved central financial investment of about 6.500 crores which affect industrial production social imbalance and overall demorabisation. In 1987-200,000 sick units involved outstanding bank credit of 6,256 crores. Sickness increased 40%, credit increased 28%, between December 1986, and December 1987.

^{*} Compared from the figures available from the article published. Rehabilitation of Sirk Industrial Units in the Small Scale Sector by D. K. Pai in Charlesed Secretary, Vol. XIV. No. 5. May 1984 (Page 316).



The financial institutions and banks while on the one hand have adopted a liberal approach to fulfil the basic objective of industrial development, on the other they got bogged down in a situation causing great concern due to prevating sickness in the assisted enterprise

This ispect again deserves an over view. The loan credit provided by the bank or financial institutions is not its own tund or property. It is public money and no one has the right to misuse or abuse it. The social perspective should not be lost. The deal requires a considered unbiased and passionate approach to discharge social responsibilities.

The Economic Survey presented to the Parliament on the eye of the Union Budget for 1983-84 points out—

"According to latest data from the Reserve Bank of India, the number of large sick units (large units are defined as these having outstanding bank credit of Rupees one croze or more) increased from 382 by the end of March 1981. The credit outstanding to these units also increased from Rs. 1,220.9 crozes at the end of March 1980 to Rs. 1,413.5 crozes by end of March 1981".

The country is facing the problem of rising industrial sickness and a huge amount of country's investment is locked in unproductive ventures. It is an acknowledged fact that sickness does not come overnight. It is a slow process and creeps in slowly and gradually. Tacking of the problem therefore requires an insight with regard to the identification of the causes analyse the same and to take preventive measures so that sickness does not recur and simultaneously to put the sick units convalescing for recovery and rehabilitation, so that it becomes viable and can discharge its social responsibilities after coming back to the social mainstream.

Thus at the outset, the causes of sickness are to be unrevelled which are not far to seek. These may be reckuned at within and without

Within (Internal)*

- (a) Under estimation of the project cost
- (b) Absence of the availability of the critical information having a vital bearing on the project

The Sick Industrial Companies Operat Provisions Act 1986. An appraisa by B.B.3 rmen.
 Published in the Chartered Secretary Volume Av1. No. 1. (Anober 1986, page "Bo.)

- (c) Delayed implementation escalation of cost
- (d) Inadequate management
- (e) Sub-Optimal Plant utilisation
- (f) Poor quality of staft management
 - (i) excessive conservation
 - (ii) excessive complacency
 - (iii) poor functional control
 - (iv) excessive centralisation
 - (v) authoritarianism
 - (v1) weak board
 - (vii) weak watchdog functions
 - (vio) excessive commitment to policies which worked well at one time but are no longer appropriate.
 - (EC) poor financial poor marketing management control and diversion of funds inadequate market forecast and saies planning
 - (x) poor user personal and inter departmental co-ordination and collaboration intrigues, dissensions scapegoating, interdepartmental squabbles, organisational policies etc.
- (g) One man rule
- the Lack of management depth
- (i) Poor industrial relations including existence of pampered labour
- (j) Bureaucratic management
- the Unplanned top management
- (l) Inappropriate management
- Im) Faulty choice of product technology/skills and
- (n) Inadequacy of working capital

Without (External)

- (a) Adverse Government policy/price control
- (b) Recession/economic conditions
- (c) Competition from market/competitors



- (d) Shortage of inputs
- (e) Management succession problems
- if) Regional phenomenon including local environmental factor
- (g) When sickness is an industrywise phenomenon
- (h) Technological changes
- (t) Power cuts and
- (j) Delayed financial assistance

Sickness of our industrial unit culminating whether the loss of economic vability neuring of financial losses or failure in meeting payment obligations causes immense problems for the society. Many people who depend upon the unit for their livelihood face an uncertain and perhaps unhappy future. Keeping in view the social dimensions of sick industrial units, it is necessary to ensure that this scourge of industrial sickness does not take its foll in the form of economic social hardships.

Follures of industrial on its reveal nature of problems, viz , manager a technical financial economic and political inadequate quantum of managerial input embroiled in unhealthy and dishonest practice of management aimed at personal gain at the cost of the corporate industrial unit gives rise to managerial problems.

Non-feasible ty of production process, non-commercularity of products which are inherently detective and non-axis about of technical personnel responsible for unpovation or suitable substitute give rise to feel most problems.

Wrong capital structure inadequate funds for working capital or madequate provision for fixed capital replacement can cause perennal problems for a unit. The recent policies aimed at promotion of small scale enterprises with only 10% of total capital requirement cripples with a debt right from its inception. The escalation costs in an inflation profited economy with depreciation on historical cost providing problems of replacement compel to continue with worn out machines where maintenance expenses are disproportionate and productivity is subnormal Profitability dwindles and the unit falls a victim to the forces of competition.

Acquisition of land at a low price and procuring scarce raw materials at controlled price or the aspiration to hold the chair of Managing Direct in



Director and for this purpose possibility of diversion of funds may be the motivating factor to set up industrial units for enjoying the blessings of Government may construe to be political factors. Such units prefer to dispose of the licence or scarce materials at a black price not to talk of any industrial activity.

The sickness of industrial units in the corporate sector has assumed a socio economic problem which gives rise to the following questions

- (a) What is the definite criterion for facure of industries?
- (b) Why some companies operate successfully while some fail?
- (t) What are the soluble measures to prevent it?
- (d) What mechanism can be formulated to predict sickness and disruptive forces?

Another way of looking at the problem and common causes of the corporate sickness may be stated as

- cat Cultural distortion, i.e. non-accountability and demotivational torces at work on the employees
- Static behaviour and failure to respond to external environmental changes
- (c) Diversification without proper research and development work as the base
- (d) Poor employee morale and disgruntled working force
- re Poor marketing without adequate market research and study of consumer behaviour
- (f) High leverage position
- (g) Fraud and misfeasance
- (b) Faulty planning and technology transfer
- (i) Political interference.

In 1972 the committee on the rationalisation of returns in respect of small scale industrial advances classified unsatisfactory units as irregular, sick and sticky Sick units were defined as those whose accounts were chronically irregular and required a study to evolve a nursing programme and a close todow up



The small industrial development organisation defined sick unit as one having less than 25° capacity utilisation. But a unit may be sick at 60% utilisation. It is well known that the break even point of scales varies not only from industry to industry but also from unit to unit depending or location, technology and management.

There was a five and cry for amalgamation of sick units with healthy undertaking in 1977 when a sick unit was considered to be a unit whose accumulated losses exceed 10% of the aggregate paid up capital and reserves and the company is not financially viable. This was of course for tax incentive purpose.

A team appointed by the State Bank of India in 1975 while evaluating the role of the bank in the effective growth of small scale industries defined sick units as one who fails to generate internal surplus on a continuing basis and depends for its survival on frequent infusion of external funds.

The Reserve Bank of India in its advice to commercial banks in November 1975 defined a sick unit as one which incurred cash loss for one year and in the judgement of the bank is likely to continue incur cash losses for the current year as well as the following year and which has an imbalance in the financial structure such as Current Ratio of less than 1.1 and worsening Debt Equity Rano (Total outside liabilities to net worth)

The State Financial Corporations have defined the sickness as any unit which has failed to pay three consecutive instalments of interest and or principal has been classified as sick. The National Council of Applied Figure Research defined sickness as financial viability consisting of three inter dependent elements, viz. profitability liquidity and solvency represented by cash profit or ioss, not working capital and net worth. Positive frend sounds strength while negative trends indicate sickness. Two out of three negative trends would be a case of incipient sickness and three negative means sick.

Sometimes it is feared that sickness is being deliberately feighed and created in units which have availed of public finance from the financial institutions and banks in the hope the Government would come to the rescue of sick units by way of various concessions and further financial assistance. This apprehension is confirmed by the fact that the incidence of sickness in units not assisted by financial institutions and banks is far less than that in assisted units



There is no denying the fact that sickness except for accidents for which the industrial units are insured is never a sudden phenomenon and an industrial unit before it ictually becomes sick passes through various stages, Viz.

- a Gradual decline in profitability but merensing profits
- (b) Decline in profits along with declining profitability
 - er Net losses without cash losses
- td. Cash losses managed by short term measures
- (e) Uncontrolled cash losses.

Sickness finds its ongin from inherent weaknesses which can be detected by several mechanisms applied on industrial health.

- (i) Monthly productive reports
- (ii) Thorough project appraisal
- (iii) Periodic progress report
 - x1 Annua Balance Sheet and Profit and Loss Account
- (v) Periodical inspection
- (v.) Reports of nominee directors
- (vii) Informal discussion with management of the industrial units from time to time

Again weakness of the weaknesses is that the technological appraisal conducted by the institutions is generally not up to the mark and is left largery to chance. Project costs are exaggerated but there are repeated overruns in most of the cases which are financed by the institutions inspite of all the undertakings to meet shortfall given by the clients. The task assigned to those who are responsible for financial and management appraisal hardly possess adequate experience competence and requisite qualifications. The detect in decision making without due observance of the steps and optimum condition prevent a serious and meaningful deliberation.

It is obvious that the data or information furnished through reports and returns portrays the periodic health bulletin of the corporate body Sometimes spurious or concocted figures are furnished which may provide for a misleading picture.



However, the importance of the study of the periodic progress reports and its analysis in an attempt to reveal the state of health and to draw meaningful conclusions need no emphasis

The trend analysis with the help of charts and Ratio Analysis are some of the important tools for identification of indicators to forecast corporate sickness. Needless to state that it is not a single factor but basket of factors which contribute to the protracted corporate sickness.

A. Physical Indicators

- (i) frequency of plant breakdown and equipment
- (its decime in capacity utilisation
- (iii) decline in technical efficiency
- (iv) detaults in payment of statutory dues and decime in financial ratios like debt equity ratio current ratio liquidity ratio, profit to sates ratio, return on capital ratio, etc. Monatoring of these factors would reveal the impending sickness.

*B. Graphic Sickness

A trend the may be drawn of financial operational and technical parameters Solvency ratios are compared between healthy and sick units and the trends are applied for a period of years in the selected units. Long term trends or primary trends and short term trends or secondary trends are the tools for the trend analysis technique for monitoring the sick or failing corporate bodies.

Penancial ratios or primary trends are the true indicators of corporate health. It must be borne in mind that the ratio analysis provides for the two major aspects, viz., (i) reliability, and (ii) predictability.

Thus, these two facets when combined help in predicting or indicating the industrial sickness with better precision objectively. The following ratios in this regard may be indentified as indicators.

- (1) Profit before tax/Share capital and reserves
- (2) Total Current Liabilities, Total capital employed

^{*} Sickness Prevention Role of Institutional Directors by Dillip Coswarps published is the Chartered Secretary to the So o June 1993 page 45% of the Institute of Company Secretary of India.



- (3) Total Liability (Current Deterred). Total Capital employed
- (4) Total current Assets Total current Liabilities
- (5) Inventory/Sales
- to) Share capital and reserves Total liabilities
- (*) Sales stock consumed Profit before interest and tax
- (8) Profit before tax and interest Profit before tax
- (9) Sales-Stock consumed profit before tax
- (13) Inventory and Sundry Debtors/Sundry Creditors Loans & Advances
- (11) Salaries and wages/Sales

A corporate industrial anit desiring and seeking ways and means for revival approach the financial institutions import expertise or surrenders to Government to revamp the unit in the interest of the employees, economy and the country. The following ratios can predict sickness as well as revival.

- (1) Profit before interest, tax and depreciation Sales
- (2) Profit before interest tax and depreciation Capital employed
- (3) Profit before interest, tax and depreciation/ Total Labilities
- (4) Profit before tax/Sales
- (5) Profit before tax/Capital employed
- (6) Profit before tax, Total liability
- (7) Cash and Sundry Debtors/Sates
- (B) Profit before interest and tax/Capital employed

It is true that the need for prevention of sickness is more important than taking measures to cure when the sickness is already serious. The latter exercise is costner than the former in the like manner of doing a right thing than doing a thing right.

This sickness problem then gives rise to the approach to nursing the unit Banks financial institutions. Government labour and management come torward for the revival work within a time horizon. This prompts that



the units which are expected to be viable need be nursed and this can for selectivity in the matter of chaice of units to be reviewed. For this purpose determination of SWO! 4.6. Strength Weakness, Opportunities and threats on the basis of past operation of technical financial or economical and managerial is necessary. The teasibility of operation within the prevailing business environment needs investigation.

- (a) feasibility/capability of operating on a continuing basis
- (b) absorption of output by the market
- (c) remunerative of prevailing price
- (d) consideration of changes of channel of distribution and market research
- (e) availability of raw materials to maintain the level of production
- (f) competence and efficiency of management
- (g) constraints of power transport space etc
- (h) requirments for revival expenses, i.e. cost of repair and renovation of plant and equipment other essential preliminary expenses for need based working capital capital expenditure for balancing equipment for modernisation.
- the accumulated habilities and past losses as are in deficit in the content operation in terms of input and output
- (1) workers' dues including P F & F S 1 contribution and statutory obligations like taxations excise, electricity and secured or unsecured creditors.

During the process of nursing the sick unit protected income statement cash flow statement, working capital requirement balance sheet hand requirement and means of financing capital expenditure package relief from financial institutions or banks or Government and management input and other proposed corrective measures in non-tinancial areas deserve attention. The expenence is that once a unit is sick as always sick and this makes a bounder duty to check up the environment where the unit is operating so that good public money is not thrown after bad and a further wastage is stopped.

It is crestal clear that business activities performed through industrial corporate bodies are combination of a few Ms. — men material money



method market and management. Of course management madequacy of which is the most serious handicap tollowed by materials and money

As it could be noticed that sickness and teigned sickness are the two aspects of corporate behaviour which are mandested because of inherent weakness of de berate actions of the corporate management fund by the aveid individual or sectional objective at the cost of corporate or national objectives

Corporate sickness dealt with statutorily

Such satuations were apprehended as would be evident that section [5] of the Industries (Development & Regulation) Act [45] provides that A) when there has been or is likely to be substantial fall in the volume of production which having regard to the economic conditions prevailing there is no justification (i) there has been or likely to be a marked deterioration in the quality of production which could be avoided (ii) there has been or is akily to be rise in prices of the products for which there is no just I cation or (iii) there appears to be necessary to take action to conserve any resource of national importance, and (8) there has been mason to opine that the industrial undertriking is being managed in a manner highly detrimental to the industry concerned or public interest the Central Government may make or cause to make a full and complete investigation into the circumstances of the case by such person as may be appointed for the purpose

Again section 15A of the said Act provides that

- when a corporate body is either being wound up by or under the supervision of a High Court,
- at the business of such company is not being continued
- the referest of the general public and in the interest of production supply and distribution of the articles relating to the undertaking the affairs of the company be investigated to explore the possibility of running of re-starting the same with the permission of the High Court.

The person or body of persons appointed to make any investigation may choose one or more persons possessing special knowledge of any matter resting to the investigation to assist him or in holding the investigation and shall have all the powers of a civil court under the Code of Civil Procedure



for the purpose of taking evidence on oath and of enforcing the attendance of witnesses and compelling the production of documents and material objects and the person or body of persons shall be deemed to be a civil court for all the purpose of section 295 and Chapter XXV of the Code of Criminal Procedure.

The Central Government if satisfied after investigation under section 15 that action under section 16 is devirable. It may assue such directions to the industrial undertaking for the following purposes.

- (i) regulating the productive and fixing the standard of productive
- til requiring the undertaking to take steps to stimulate the development of the industry as the Central Government considers necessary
- (in) prohibiting the undertaking from resorting to any act or practice which might reduce production capacity or economic value.
- (v) controlling the prices, or regulating the distribution of articles which have been the subject matter of investigations

Again if the Central Government is of the opinion under section 18th after the investigation under section 15A of the LD R. Act. 185 that there are possibilities of running or restarting the undertaking the Central Government being empowered by the High Court on application authorises any person or body of persons to take over the management for a period not exceeding five years. Further extension of two years each up to a maximum period of 12 years is permissible with the permission of the High Court on application.

Undertaking is being managed in a manner highly determental to the inferest of the industry as well as public interest or failed to comply with the directives issued under section 16 it may by not hed order authorise a person or body of persons to take over the management for a period of five years extension of which for a period of 2 years at a time subject to a maximum of 12 years can be granted but a copy of the order must be laid before both the Houses of Parl ament as soon as possible.

Despite of the Central Government is satisfied from the documents or other evidence in its possession, that the persons in charge of the industrial



undertaking have by reckiess investment or creation of incumbrances on the assets of the industrial undertaking or by diversion of funds brought about a situation which is likely to affect the production and that immediate action is necessary to prevent such a situation or it has been closed for a period of not less than three months, whether by reason of voluntary winding up of the company owning the industrial undertaking or for any other reason and such closure is prejudicial to the concerned industry and the lamnicial condition and the condition of plant and machinery are such as to re-start in the public interest, it may by notified order to take over the management of the undertaking without investigation.

While it may be conceded that an element of subjectivity is always probled in the formation of such an opinion, there are a number of adicial pronouncements that the existence of a roumstances from which the interences constituting the up mon as the sare qualitative for action, are to be drawn must be demonstrated and the existence of such circumstances questioned must be proved at least prima facile and the principle of natural justice be ensured with an opportunity of being heard.

After the take over of management, the Central Government has necessarily to ensure that the objective of take over is being achieved. The aternatives which are available to the Central Government are either to decide to sell the undertiking as a running concern or it may decide to prepare a scheme for the reconstruction of the company or to nationalise it.

During the period of taking over it may be noticed there is an inflow of public mones through different financial institutions with due compliance of the statutory provisions of Nominee Directors, etc., keeping in view the objective of making the corporate body viable and outliving the social of e-tives. But hardly the expectations are achieved which are too short to cultivate social laborities and the philanthropic idea of becoming humane overshad, with the business efficiency and as a last resort the question of rehabilitating the employees and their famores become important. The question of social cost also becomes apparent since a pensionary relief would appear to be economical than indulging in wastage and hardly there is any instance of revival or retrieval from this sickness. But reconstruction goes for merger amalgamation and take over bid. The operation for this purpose in order to be effective calls, for an effective co-operation in sharing the



burden and responsibility of all concerned manufing the Central Concernment, the State Concernment, the Labour Tinancial Institutions, Banks, Management and Shareholders

A fax incentive scheme was incorporated in the Income Tax Act. 1961 under section 72A whereby the amalgamated company i.e., the healthy and could get the benefit of set off and carry forward of a liacrumulated losses and unabsorbed depreciation of the sick of subject to fash ment of the conditions laid down. The finance Act. 1973 made an office in removing the otherent limitation of the provisions of section 72A in regard to apprehensive flop area of amalgamating first and seek not relief thereafter by providing that actual relief be granted by the Central Government after satisfying that the amalgamating company was not finacially viable by reason of its liabilities losses and other related factors immediately but relamingamation the amalgamation was in public interest and compliance with such other conditions as prescribed. The conditions may be relaxed if the sick units are engaged in production of mass consumption goods of high prior by and the time is located in any rural or backward area with a population not exceeding one in him.

The twin aspects of sickness (a) revival and (b) loss of revenue descrives attention. It should be the bounder duty for the authority to assess objectively the reasons of sickness and establish criteria thereof. Ascertaining whether sickness is due to deliberate mismanagement, quantifying the loss of revenue and a cost benefit analysis is considered essential before granting any relief to a bid for recovery.

Achievement of capacity utilisation, sales, employment, export targets and settlement of liabilities of the creditors should be the gaiding factors. An atmosphere of sympathy understanding with nationalistic fervour need be cultivated so that the healthy unit feel encouraged and prestigious to take over a sick unit.

Retrieval from sickness

If cannot be ruled out that a sick unit will require sympaths, Some units teign sickness on a perpetual basis for becoming eligible for cheap finance. An educative system is the requisite for sick unit that cheap and easy money is not a penacea for all types of sickness and they do not have any moral right to abuse the public money.



In this perspective the pattern of sickness of the corporate bodies in the public sector deserves attention. The main planks of enticism against the functioning of Government companies are (i) mismanagement. It heavy loss, included dynamism at the top and ovidess adaptability adhough upon industrial policy resolution 1948 and 1956 in order to ichieve socialistic democratic rupub it more and more emphasis has been given to this sector In 1952. Rs. 29 crotes was invested in 12 Central Government undertaking twhich in 1965 was raised to nearly Rs. 3 5000 crotes in 200 central public sector undertakings it is often argued that the Central and state plib it sector in tertakings have to fulfil the sociol economic objectives and as such profitibility of the a cannot be the only parameter for appropria. The inherent weakness in the organisational set up is the root of sickness which warrants streamlining.

There is predominance of ex-office directors in Government companies not less than two thirds of the total strength which is bereft of professionalism but emphasising bureaucratism that needs radical reform. Selection and empanding of Managing Director and non-official Directors need be made in the with Industrial houses so as to combine the benefits of professional and firmness of conviction of bureaucratism. A sense of devotion, dedication in the talent can outlive the satuation. A uniform recruitment policy may be pursued to reap the desired result. Incentives to attract talented as well. as competent personnel should be provided and adequate perguisites without discrimination would be the desideratum. The change in the Government with change in the party in power reflects the personnel policy where exerstatting is of no concern but to satisfy the egos only so as to util seit as a rehabilitation centre. As a result overhead or fixed expenses are d sproportionale to the value of output. Pragmatic view with cost consciousness. is of no avail because of resistance of the workers, employees union. The appraisal pattern of the performance of public undertaking engaged in socio-economic activibes should be developed to suit the varying conditions since these are not commercially oriented. The rating cannot be on economic rate but on socio economic rate

Posting of civil servants at the helm of the affairs as the Chairman/ Managing Director can hardly deliver the goods. knowledge and experience

Public Sector Sickness Diagnosis and Remedies by P.S. Sapra published in Chartered Secretary Volume XV, No. 6, June 1985, page 4511.



of running multid sciplinary organisation is lacking and as such it is hardly conductive to the efficient functioning. Exposure to the modern fools and techniques like Project Evaluations technique. Or tool Path Method and its impact on delayed completion of project under the influence of inflation with escalation in cost is also conspicuously absent. Mechanised equipment, we Micro computers and management information system for proper minimizing and appraisal are hardly used. Patronisation for diverse cation is acking Provision for representative of politicians as members of the board saps the initiative and result oriented approach.

Incovement of employees by subscribing to the share up till discontinuance of appointing inexperienced public seriant or disgranted politicians as a whole time Charaman or part time directors which incontributing to mismanagement may be exported and professional so be stressed upon thereby preciousing bureaucrats with no aplitude for biscuess management. It is indeed a very pertinent point to emphasise that the Company Secretary who is the eyes, ears, nose or in other words the sensory organs of a natural body serving the corporate body should be a member of the Board of Directors so as to enable him to participate in the policy formulation and decision making. The Nominee Directors role also demands a significant role. The psychia role conflict being removed and finitial co-aboration with healthy business units with safeguards to present dilution of erusion of controlling interest of Government can ensure profitability in sick public undertakings.

Of late it has been noticed that a section rather an atilizent selection of the economy escape the criminal consequences by their bargaining power primarily with pecuniary attains. The and test is going on with the \$400 melian issue relating to Bhopal Gas tragedic victims. Likewise industrial corporate suckness has been gaining a profitable approach with the inflaw of public money as financial assistance than closing them—a criminal offence—a social evil.

Keeping this aspect in mind and to combat the evil the Sick Industrial Companies (Special Provisions) Act 1985 was passed. The Act provides reference to the Board of Industrial and Financial Reconstruction. Bill R is soon as the symptoms of sickness are found to exist.

On receipt of a reference or on its own knowledge the Board may itself make an enquiry (\$16) or get it conducted by an Operating Agency which



include public financial undertakings like IDBI IFCI ICICI IRBI and II-IS or such other institutions as may be notified by the Government in this behalf. The objectivities are to find out the possibility of making the Net Worth practicable. If postive and the Board is satisfied then a scheme is prepared by the Operating Agency within 90 days from the date of the order (S. 18). The scheme may be for reconstruction revival rehabilitation application sale or some other times measures. The scheme as prepared is sent to the sick company and Operating Agency for suggestion for consideration of the Board. In case of amalgamation approval of the scheme of the transferee industrial company is necessary. [S. 18 (13)]

The degree of sickness varies. The problem becomes acute when there is potential sickness which is identified as erosion of 50 per cent or more of its peak net worth during the preceding five years.

The board of directors is under obligation to refer to the BIFR (Board of Industrial and Financial Reconstruction) within 60 days of finalisation of the audited accounts or within 60 days of forming an opinion that the company had become sick. The Central Government Reserve Bank of India, State Govt. Scheduled Bank or Public Financial Institution having an interest in the company if so satisfied and formed an opinion may make such reference [S. 15 (2.]) The reference is for determination of measures / scheme for India all assistance by way of Johns advances guarantees reliefs concess; as by Central State Government or financial institution (5...19)

The important consequences of an undertaking becoming sick may be reckoned at

- (i) Right of secured creditors are destroyed
- (ii) Overnding of rights of shareholders and suppliers
- (iii) Minimity's right in case of amalgamation is employed (special resolution instead of normal 3-4 majority)
- (iv) When management is taken over no resolution with shareholders, suspension of contracts up to 2 years subject to a majornum period of seven years
- (s) Jurisd ction bar in making reference to courts
- (vi) No proceeding for winding up



The massive attack is lowering down the prestige in the esteem of suppliers creditors etc. as soon as an undertaking earns the stigma of sickness. The obvious consequence therefore is a death signal with no return as soon as the belt of sickness rings.

The preamble of the SIC Act. 1985 states that it is not for securing the time y detection of sick and potentially sick companies and to take preventive amelicrative remed at and other measures. Thus it excludes companies owning SSI units where the inflow of public money is massive. The extension of monetary limit by Government under the coverage of 551 units which often become sick needs freatment like the units covered under IDR. The magnitude of the endemic disease is evident from the fact that of 83 540 sick industrial undertakings in the country as on June 30, 1985, about 80,000. units' belonged to 551 units. The anxiety over industrial sickness expressed. in the Economic Survey for the year 86-87 presented in Parliament on 25.2.87. by Sri Raph Gandhi. Prime Minister is reflected from the financial statistics. as in Dec. 85, the outstanding dues to banks from sick industrial units amounted to Rs. 2 4% crozes and that there were about 8 569 medium and large scale units in the non-viable list. In the small scale sector it is assessed that about 1.18 tash units are non-viable tinancially and that bank advanced to the time of Rs. 1.080 crores are locked up

The report of Bureau of Public Enterprises (1983-84) reveals that out of 223 Central Government public undertakings 110 units had not deficit of which 59 units accumulated losses which wipes out the entire capital and reserves. On the other hand 3° Jamil Nidu Government companies with an aggregate paid up capital of 115 crores piled up total loss of 108 crores as on March 1983. The Karnataka State Sector companies incurred loss of Rs. 38 crores during 1983-84. Same is the position of State units in Kerala Andhra Pradesh, West Bengal. Bihar and other States. The total loss suffered by the State units is to the tune of 5 to 13 per cent of their annual budget.

The SIC Act does not cater to identify and treat the public enterprise as if it were that the king cannot do any wrong**

Sick Industrial Units Bill—an assessment by Dr. G. Prasad & Miss Y. S. Kiranmovi, published in Charleted Secretary Vol. 33. No. 11. Nov. 85 (page 846) of the Institution of Company Secretaries of India.

^{**} Reconstruction of Siek Companies by P. B. Menon published in the Chartered Secretary Vol. XVII. No. 7. July. 87. page 507) of the Institute of Company Secretaries of India.



The sovereignty of shareholders have been tested to be a musticities that the initiative of shareholders in which hald company can bring its of a hange in the management of a company for revisal from its six massive to be tested in the sax has a new perspect in of this country.

The system of forewarming to the corrective steps is no feet tallandable. approach but the ritention is married by dears in decision making the essence is no spot decision rather than allow the things to drift. It has been witnessed that in most of the sickness are is tailure to attempt technological revamping of the corporate bodies in modernising and diversity is for the surviva to igainst the tirade of recession and si kness is the important factor. Lack of innovation in the technology kass has against the competitors signify su cumb to the observe mee and non-instance to come ug envir orients. The tendency are users to become seek and to put pre-sure on the Covernment either to national selor take over the sick ands. Again sickless brings in is frail our is pressuas eig leaver rate of interest sairs tax loans determent at eactrilly tree warrend penalty exemption from power lits alow is to sell surplic land and some arrelation in a condiapacient be in insulf and one in all mass the concessors in property. iit sed to bring back to the mai stream of production and say or so to fullish the social responsibility of insumerism. It may be thus appropriated that grant of excessive renef to say up to renders signness rather attractive and is an indiscement to even lea the units to fillow soil. This necessitates establishment of parameters for granting concessions or fladd from thworking cepila by tipane it institutions

A developing country while uslicing greath gets its propensite of onsimply it higher with sits uptate to devoid all moral values and ethics. Thus manpower benefit of markets predominates is success inherently occurs which finds its man lest than utaquatously in meliticiant and incomplicate management thereby making the corporate bedy sick this often this intempts for revival and rehabilitation because the intangibilities ike ontidence that and credibility of the corporate body is being questioned. Time value of mones has great significantly ance in investment decisions must be home by the borrowing company as well as the leading training institutions. A sack unit like a sick and indicates the perpetual threat of attacks. The sick units are troubled by to rivers to higher wages credit instoning payments and customers for more credit and by delayed payments. Frosion of current assets takes place. The total needs for the revival



pregramme—fix horal commercial transcriptersoone have to be thoroughly understand before the scheme is undertaken for a complete assistance package in order to tizzle out my store thing block in the process of revival

Rebabil fittoring is kazes are serviced by a insortium arrangements aming the hinton a institutions had not hapks. This case for impelience of purse tief. I both the sick ands and transcal institutions to inders and the problem with can be drive by frequest conference. No ninee Director and his officiences and competence with provence broad wide experience in the profession can protect its risk money public money and revice growth. Their test is not mere trademic examiners of periodic performance reports but to periotrate with constructive analytic approach. The Normine Director is the With Dog in a month proce like at a 1 for in respect of the sick and six to him with impairing be a armos, bell and to suggest was indiminant or ringly the harmost fixed by the parent child plot six poor perpensal guidance correction and protective tracking

The irredeemane feature of the SIC Art regarding wording up of non a tale companies and to conduct proceedings against personnel go by of misteason compleasoner or non-tensing or breach of trust in relation to sick company are only appealable to the Appeale Authority constituted under the Alternativol between the nites of Some processions of license Lis Act and MRTP Act are not applicable to matters dealt with by the SIC Act. The far soliction of the Criminal Court wal be as provided in the Code of Cram nel Procedure 1973 Sec. 33 & 34. Such discriminators processors are sell to star dithe scruting of the Highest Courts of the country with regard to the Constitute nation of the But for times with notices againshed the being in mind that a corporate body caming my exister a to eller to the needs of the community has no meral right to be aureasonal visick it so untion happens beyond control its ardent intention should be to get the its remedied as quick as possible without causing injury and assult to public contributions public money as otherwise it has no right to exist and the men behind the screen need be expined and pinished buch public good can be performed well by a process of social audit in removing litting the corporate ve only.

sick industrial corporate bodies would therefore pose two important factors (i) salvaguable and (ii) non-salvaguable

Non-salvageable characteristics may be

- (a) power deficiency or shortage of finance poor law and order situation, poor management
- (b) creditors, unions, financial institutions. Government agencies, etc., are hostile.
- (c) less freedom to change to policies and commitments, e.g. expansion of capacity or diversification or p ant location in a certain pricing policy
- (d) beset by a short cost price squeeze due to using input prices and falling output prices, or strong price competition in a homogenous product industry and
- (e) adverse shift in Government policy affecting the unit, e.g., price control or liberalisation of much cheaper competing imports or restriction of essential imports of raw materials

Salvageable characteristics are :

- (a) Management weaknesses to be revealed by management audit particularly of
 - detailed annual income revenue expenditure and capital expenditure budgets
 - a) periodic information on budgets and actuals
 - (til) rewarding or punishing managers are budgetary performance
 - (av) break even analysis, R.O.I. sensitivity analysis, or optimistic and pessimistic estimates
 - (v) ABC analysis for inventory control
 - (vi) debtors analysis and internal audit system
- (b) (i) dynamic, innovative, aggressive and flexible management
 - (ii) static conservative passive and rigid
 - (tii) well information regarding external environmental factors like Government policies, industrial situation, technological and market developments and policies and strategies of competitors
 - (iv) committed management to mentocracy fairness in dealing with staff, professionalism and result orientation



Availability of legislative provisions apart from the effectiveness of any action programme to deal with the problem would depend upon the competence and efficiency of operating agencies viz public financial institutions including banks to provide better inputs in project appraisal to reduce growth of sickness and evolve appropriate system to monitor the health of assisted units. The attack to combat sickness must be made not only against management incompetence but also against other causes, viz , excessive labour force, industrial strike, technical excluding obsoiescence marketing or commercial problems financial liquidity problems and faulty accounting. A little judicious use of funds would have ensured the sure recovery of the curables and a big boost to the economy. Funding sick units cannot be pragmatically followed indefinitely for mere protecting the obsoit the employees. The ability to see beyond one since is the crying need of the hour to put an end to further damage which a developing country like ours cannot afford.

The situation is vulnerable it is a naked truth that units are sick—on the course of events or deliberately Incentives for benefits are provided for becoming sick. Pretention of deliberate sickness with enjoyment of benefits does not bring any social stigma or moral barrier. Benefits for remaining healthy are little rather taxed. The statutory provisions or social measures are no check to availing double or multiple benefits for the same cause from different States by adopting unscrupillous means with corrupt managements of the concerned corporate bodies. Whatever benefits an Operating Agency may provide it is concerned because it is public money. Thus the impending necessity is

- (1) to abolish multiplicity of institutions and formation of a unified All India Development Finance Agency, viz. Industrial Development Bank of India having regional branches, e.g. Eastern Western, Northern and Southern, with jurisdictions and functioning under Federal structure for providing regional balancing, growth and proper accounting.
- (2) to develop a unified State level devlopment finance agency with branches in key growth areas of the districts to be manned by competent experienced and professional personnel
- (3) to abolish multiplicity of banks in the same area Banks after nationalisation are the Agents of Govt. The network should be of a National bank aboushing identity of individual bank which will



medicate to find a register of two of the breeze as the employment to the hours of two of the breeze to the hours of short many the trust of the public would become unnecessary

- (b) It is a policy to be a control of the marketing technical and them is a separate of the project. These projects may be part opposed by Life of the GR and State level humbers institutions after being authorised by the IDBI.
- So to some gode has for complement priviling time limits for complete models and an analysis of the topic models and an analysis of the topic models and the first time of the first and the first time of the first and deposits.
- to to structure the ede of Nominee [himstors and processed for MIS on a finite of North and safety apparate of salion cash, gracertical on the hord his statement. Default and exertical in a structure of the booth his samproduction and sales changes on the main agreement was large capital.
- * to establish decision And t Machiners for confucting audit of the other in a and decision of IDBI SIDK and recommend for prometion demotion on performance.
- 8 Is arrange for all finder recruitment by an entrance lest and indiction of qualitiest and experienced professionals at sensor levels.

There are twofold stages of corporate body healthy or silk. During the transition from healthy to sick phase internal strains become obvious. The stress is strong enough to tilt its operational balance creating disorder and dwindling performance. I make the not collapses fichasmur of internation measure and time of rather are examined in order that the operation of the measure and time in the supported.



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X = Various ratio values

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Sickness, therefore is a disease where symptoms are manifested Medicine is prescribed after proper diagnosis. The problem arises when the nature of sickness i.e. genuine or bona fide or feigned or pseudo becomes difficult to be diagnosed. It is easy to awake a sleeping man but difficult to awake a person who pretends sleeping.

The obvious question is why an industry would venture to pretend sick. The reasons are not too far to seek. In an industrial set up within the gamut of democracy where the patronisation is due to influence of publics, both the industrialists or the persons at the helm of altairs of the corporate bodies join hands with the political demagogues or the so called leaders of the nation, the craze is not to develop the sociol echonomic conditions but to catch the vote and pave the path of sure success. The taking over of undertakings culminating in the rehabilitation by nationalisation succeed in winning over the minds of the employees and their family members go a long way to cast ballot papers in the box in favour of the party representing the Covernment come what may to the nation. All these aspects cannot be revealed by Statutory Audit while Social Audit endeavours to unearth such motives played in discharging the social responsibilities by corporate bodies.

Chapter 8

OPENNESS AND RIGHT TO INFORMATION—A GLASTNOST AND PERESTROIKA TO THE FINANCIAL HEALTH OF CORPORATE BODIES

OPENNESS AND RIGHT TO INFORMATION - A GLASTNOST AND PERESTROIKA TO THE FINANCIAL HEALTH OF CORPORATE BODIES

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A natural man, is the compact of constion. The psychologism and asode the se to haracterises the individual difference. Thus poet Tagore says. Min is fulminated in its soul and the embra ement of the soul identities the inda dua entity in the business or commercial parlame the most common element considered expedient in order to make an agreement complete a well have smeaning two min is together in other wir is to signify that the persons in the agreement in order to term a contract must agree in the same sense of the same thing so as to do away with the problem of gap of up terstanding misun terstanding

There may be excessible in expressing a thing in a soph strated and intel agent way. The truth though stack a presented with mostly to manufest acume ish p. In all the cases the larget group is always the intelligents a of the papers

But the business or openerall horizon where the mass represent the banal thinkers there is hardly a nowgo beance of suphisheation in presentation Democratisation thus emphasses the need for simplification and standaro-sotion. The fouch of common man in the corporate equity makes

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the corporate financing sacred and for this purpose disclosure of more and more information devoid of jargons and jugg ery is the desideratum. Every discipline develops its own language for communication. Business is no exception. But involvement of common man in corporate equity makes it imperative to use common easy understandable language since the intelligible interpretation of the corporate language will tantamount to the story of inviting a crane by the fex in a teast and to offer milk in a plate which is difficult if not impossible for the crane to drink.

Glastnost in corporate functioning

As a matter of fact, the more the disclosure the more the opportunity to know of its entity. In the wake of consumerism, the thrust is to provide more informal on and ensure better service and safety and to shun the old traditional thinking of Catear Empter.

The methodology of disclosing and presenting a corporate body as per statute is through corporate accounts and audit. In most cases expertise to interpret and to camor flage intermation is often considered necessary which binders the objective of common man's participation in corporate financing.

Thus the Sachar Committee reports. We are recommending certain changes in the sections and schedule dealing with accounts and audit, principally keeping in view the objectives of simplification adequate and meaningful discussions for the benefit of the shareholders, the workers and the community at large and objective of professionalising the management for the purpose of improving the working of the company." It also follows that such discosures should not be a mere confusing mass of figures. They should assist the uninformed in drawing meaningful conclusion. It may be noticed that corporate bodies make investments. The investments falling within the canopy of financial managements may be worth of its name provided it is remunerative and brings good vield. Again good return at the initial stage may follow to make embezziement possible and diversion of funds easy. This is a clear reflected in of intention which can only be exposed by disclosure and making more and more openness a pre-requisite. It has been observed that it is incumbent on a holding company to attach to its own balance sheet a copy of balance sheet, profit and loss account,

^{*} A Study Report of Sichar Committee on Companies & MRTP Acts by Centre for Legal Studies. New Death (page 78)



report of the Board of Directors and report of the Auditors relating to its subsidiary companies some companies enter into partnerships or our venture but under the existing law there is no requirement for a full disciosure of the attairs of such partnership or joint ventures to the shareholders of the company. The owners have definitely the principative to know the way its funds or assets are being utilised by its professi naised management. Thus it is fell that when under section 18AA of the IDR Act the undertaking is taken over for embezzlement or diversion of funds in the opinion of the Central Government which is a subject factor the issue can be made more objective from the social audit point of view by making the provisions of section 212 of the Companies Act approache to the accounts of such partnerships or joint ventures to the citient that the company should attach to its Balance Sheet a copy of the last Balance Sheet and Profit and Loss account of those partnerships or joint ventures and a statement be made in regard to the material changes in the atlairs of such partnerships or joint ventures which have occurred between the end of the financial year or of the last of the huancial years of such partnerships or joint ventures and the end of the company's financial year in view of the fact that an un mited nability is incurred by acquiring an interest in partnership by the shareholders having limited liability

Again, the report of the Directors as prescribed under section 217 and expanded by the Companies Disclosure of particulars in the report of Board. of Directors) Rules, 1988 vide USR 1029 dated 31 12 88 does not reflect the amount spent for legal expenses and the pending cases viva-vis the arrount of claim and amount settled. Hence information regarding the number of hit gations launched and the amount involved in the claim for settlement and the amount spent for payment of fees towards legal expenses is considered necessary. It is a common practice that suits, writs or for legal remodies with the help of the court is preterred. The objective is that the employee or a small entrepreneur who is very weak in the bargain may be frightened with the vicious circle of operation of the modern judiciary where show of justice predominates over real justice and the expenditure on this count far outweighs the claim involved at the cost of personnel or buter tendor relation considering the corporate personality its image and identity this relationship, it can be argued is recognised as one of the intangle that and motivating factors towards better contribution and effective functioning Disclosure of such information may affect the morale of the corporate management for manimising such cases and eliminating social cost



information regard n_k investments in other bodies corporate firms or fourt ventures exceeding five per cent at the company's paid up capital and treviewers as have not steaded any return during the year and the masons thereof are also not as a label to pen the degree of bias and scrone, decisions

Accounting ration is have occur in the flare set use the time flows and techniques for ether the localized as well is the rids an assessment of the corporate functioning. The process of a consistence of the hologous and the society it large take the help of such intensity in interpreting the position status in ingelling activities in considering the strength and writings of the corporate body.

Inventories to Sees. Track become ples to Sales. Not be one to Not Sales and Net worth Return or a up to Improved. I rotat before inferest and to a feel Assets. Not probabilities to to I pate are to be shown with a statement explaining the internation relating to any material line its which is like a to a toursely after the protational assets and adulty position of the company them, the correct and warries that the PUBLICS may make a study spontaneously for a decision.

to the people. The Board should report to the fature plans of the company. I wards the discharge of the social segments of the company to the people. The Board should report to the fature plans of the company.

Information relating to the particulars of any contract with the company that subsists at the end of the financial year or subsisted at any time during the year in which a director or his spouse or dependent hildren or any relation have or had any sign heart interest are also not available in a clear and unequivocal terms. The question relating to the interest may be answered to the extent of an amount representing the value a sum equal to or more than one per cent of the company's total purchase sale payment or receipt Contracts need not be mentioned individually but should be disclosed with entry to constitute a fair tise usure

A decaration that the board of direct is have complete with the statistics norms and guidelities in respect of managerial appointment and remaneration is considered necessary in the public interest. This will ensure



multiman for the might position and the compensation settled for the worras and any class for corporate success is not a more waste.

The declaration should also cover the emprance of norms and guidelines for inter-company investment and loans.

There is a common procerby value of Canesh Canesh is by delty symbol sing the success. The reverse is the forgred selkness with said so states. The tendency of exporate topictioning is to inflict mury and insult to the shareholders and make fraining of public money by pretending sick and diversion of femils and making fortune to satisfy the sealish exos and ambitions.

Section 217 (2A) provides :

- a) the Beard's report shall also include statement showing the fact of every employee of the company who
 - remuneration for that year which in the spacing stell was not less than esuch sum as may be prescribed; or
 - to if employed for a part of the Linancial year was an receipt of remoneration for any part of that year at a rate which is the aggregate was not sess that so his sum per month as new be prescribed).
 - or as the case may be at a rate which in the aggregate in excess of that drawn by the Managing Director or wholef me Director or Manager and holds by himself or along with 1 significant the equity shares of the company.

The parameter of acome such sum such sum per month is may be prescribed would appear to have a highered carrier in view of the impact of inflation in the economy. The objective would appear to be two fold. I estly employees enjoying manager a larker positions in the corporate body are identified with qual leaff its experience and compensation which in the wake of professions is about a long way towards further manpower planning and development such discosure to the members in a part

participation and to the general public provides for motivating factors to the incumbents and sometimes demotivation to the corporate decision making bodies to shun the path of exploitation, and move towards human resources development with exposure structured courses, etc.

Secondly persons placed in a very low position having a low profile but enloying better remuneration depict a disharmony when compared and contrasted with the neighbouring and similar or equal types of undertakings.

Moreover the well being welfare activities are also reflected

The Companies (Particulars of Employees) Amendment Rules, 1988 inserted rule 1A in the Companies (Particulars of Empioyees) Rules, 1975 to include employees whose remuneration is

for the purpose of sub-cause (i) of clause (a) of sub-section 2 (A) and (b) not less than rupees six thousand per month for the purpose of sub-clause (ii) of clause (ii) of clause (ii) of clause (iii) of clause (iii) of sub-section (2A) (1) In its aberausation measure the Government of India amended the Companies (Particulars of Employees) Amendment Rules 1990 By virtue of this amendment, with effect from 1899 to companies are required to give in their directors report the particulars of all employees who draw remuneration of Rs 12000 p.m. or Rs 144000 p. a. tinstead of Rs 6000 p.m. & Rs 72000 p.a.) This aberalisation measure will lead to economy on the part of the companies white publishing their annual reports. (Vide notification No. C. S. R. 795 (E., dt. 1899) Govt of India Ministry of Industry Depth of Company Affairs)

A look at the particulars of employees issued by companies in directors' reports giving particulars of employees pursuant to section 217 (2A) of the Companies Act. 1956 will reveal that the

- (i) particulars are given alphabetically by name
- (iii) particulars are printed in such a way that it becomes very difficult for a viewer with ordinary vision to decipher
- (iii) particulars following the sequence of name designation, nature of duty gross/net remuneration qualification, age, experience, date of employment and particulars of past employment

The following extracts may be examined to find out to what extent the purpose of the provision of the Act has been served in the interest of the society



It is apparent that employees belonging to the category of sweeper r assistant enics ng the sauries as prescribed by the Act and rules made thereunder back been enlisted. The question of cloudly arises whether these acts will create an item isphere of prestige and pride in the minds of such employees and caltisate a sense. Thelling naness. On the other hand, such information was frustrate the morate and architem in other ar deriakings and demotivate them or help in creating a pressive on the employers. The cense prenees to lewest either by the increase of remineration and increasing the overhead losts, thereby raising the cest of the production, ollowed by rise in the price of merchandise will be anti-consumers interest when the society will put to suffer Again being frustrate the employees wo outh to work which will calminate in the loss of production and unimites the consumers and the society will put to stitler. Here the print pre of Perestroiks or the question of administrative reform comes in It is the decided whether the information in the present term is the desideration. Semetimes there is a gap in communication also

Improvees having almost same age group and have same qual treations are not allowed to enjoy the same status. The reasons may be that some of them might have acquired the professional quality at online and count open the prometroral accounts att. But persons with less quality to not allowed to enjoy higher status and benefits is bound to reflect upon the efficiency and morale of the employees, the intangles has upon which the corporate success often depends.

Manageral positions are adorned by persons having no professional background or similar exposure which also negates the prospect of the professionalisation of the corporate management for better production.

Again the seeds of DISINTEGRATION are also sown here which often conflagrates in the form of REGIONALISM or COMMENALISM. The picture depicts that the charges of patronising people hailing from a particular region of such a vast country are being preferred and paid better than the employees who claim to be the sons of the soil and having higher quantications and experience in the line are not aways in unfounded truth.

0

Section 217 (2A) thus provides for information for certain purpose and the intention is to bring out that information for better use with OPTNNESS—a GLASTNOST. The information technology offers a lucritive opportunity but it proves that one should not trust a ways one slown eves Sometimes what is unbelievable would appear visible with the collection compliation and presentation of such data based information. Mistakes may occur is to the illusive effect also. The picturesque pleasure may appear to be furrative. But the fact remains elsewhere and that is to be searched out with the two weapons. Viz., GLASTNOST and PERESTROIKA applied in corportate management.

The Sachar Committee observed

This sub-section 217 (2A) was introduced by the Companies (Amendment) Act 1974 Disclosure of the information pursuant to this section does not appear to have served any purpose. The Committee also recognises that should any shareholder require the information regarding all executives who receive remuneration in excess of that drawn by managing or whole time directors the company serf be bound to turnish such information. It would therefore become imperative and opportune to rethink and receivt the parameters of the information desired under this sub-section (2A) of section 217.

Firstly the printing pattern should be changed in order to make it meaningful purposeful and legible [See Appendix-VI]

The details of information should be furnished departmentally and then alphabetically in surnames chronologically so that a comparison of intra and inter corporate personnel function in recruitment, development placement and promotion and remunerating or compensating such personnel enjoying the status prestige of the corporate body becomes simplified and standardised.

^{*} A Study Report of Sa har Committee in Companies & MRTP Act Centre for Legal Studies, New Delhi (page 82)



TABLE - 13

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Undertaking Service Commission for identification of professional talents to serve corporate sector better

The need to professional se the management of companies does bed on I for any emphasis. There is an urgent need to move in this direct in particularly in regard to matters relating to the financial material personnel technical affairs of the company as the expectations of sharehoaders creotives of ost mers at large arc resence collecting agen, is at the convernment leptor dentirely on the authoritistic of accurates promotion, development in a numerical in paid to perionnel—their active and school for a first first sustainable growth by uphorting the moralitism maintain in a first orth is if respective profession, both published or otherwise of a company

Undertakings under the respective Department of the Covernment of a feet that U.S. C. Condertaking Service Commusions may be set up to look after the needs of the personnel for recru found development and placen col. Use commission will cater to the needs of the undertakings covered an left the MRIP Act. 1969 and the IDR Act. 1961 Such undertakings be ong to the structured group of industries where the professional positions are standardised. This may help removing the anomales in different a treatment in payment and position to offer the prestige to the professionals. The quants of the professional institutes and the standard of the instructions can thus be devioped which will again ensure better product its and biffer consumption and make the corporate bacters discharging its social responsibilities in a betiting manner and the source of recruitment is the same no matter one is a simple graduate post graduate of a Ph. D. but be joins the Indian A Iministrative Service and heads a Department. Ministry



for its perpetuity. The institution a difference subsides but the quality of manissidentified developed and utilised in the public interest. Such possibilities will also hold good and translate the aspirations into reality with the UNDERFARING SERVICE COMMISSION being set up and run in line with the functioning of the Union State Public Service Commission. The bureaucratic bunking and the presidices may be controlled and even if it comes to plus the same may be foreborne to put the whims and prerogatives which are very often wild under control. Article 16 of the Constitution provides for equal opportunity in matters of public employment. It envisages that no office shall on grounds of only religion race caste, sex, descent place of birth, residence or any of them be ineligible for or discriminated against in respect of any on prognets or office under the State.

Undertakings of certain size and sometimes dentitled as arge houses with country wise or productives eldomanation are discreted under the MRTP. Act or diff. Act and invite public to participate in the equity must easily equality of apportunity in the employment and this is passible only through a Service Commission for such undertakings.

Again Article 191g) provides for Right to freedom "to practice any profession or to carry on any occupation, trade or business.

Article 1918 states. Nothing in sub-clause, g) of the said clause shall affect the operation of any existing law in so far as it imposes or prevents the state from miking any aw imposing in the interest of the general public reasonable restrictions on the exercise of the right conterned by the said sub-clause and in particular nothing in the said sub-clause shall affect the operation of any existing law in so far as it relates relating to (i) the professional or technical qualifications necessary for practising any profession or carrying on any occupation, trade or business.

Thus in a broader spectrum professionalisation of corporate bodies with equality of opportunity in employment is the dichotomy in corporate management which may be furnished with the combination of admin strative excillence in bureaucratic form and commercial expedience in management fervour. When the management worthy its name divested of ownership can grow with perpetuity and group dynamism comes into a fair play to constitute a weifare society.

Participation in the equity often succumbs to a bizare with unfair profits by company's Directors. Auditors, Cost Auditor, Financial Accountant or



Controller Cost Accountant Tax and Management Consultant or Adviser— Legal Adviser or Solicitor in the matter of sale or purchase of shares in the company such personner are better equipped with price sensitive information since they happen to be insiders though statutory provisions make information as illabile to shareholders in this regard. Pending suitable Statutory provisions to prohibit such untain practice transactions by the insiders and their rolatives, arrangement for fuller disclosure of transactions by those who have price sensitive information within a certain period be made to reveal the motive behind such transactions via a visitle corporate objective.

Is closing dealings in shares by such persons or any private company partnership total venture or trust in which the above category of persons have financial interest including the interest of their spouse children or of the employees covered under section 217(2A). This disclosure should contain the number of shares price at which the shares are sold or purchased and the date of transaction and be published along with the Annual Report of the company.

Shortage of working capital it in other words blocking of working capital on the one hand and declaring of dividends not out of profit juste often shadow the true and tair profits by the manner of presentation of stock in trade and provision for bad and doubtful debts and advances.

Directors must report the reasons for carrying the stock which are slow moving including stores which are on hand for two years or more and not written off. The reasons for further purchase and keeping larger stock in detailined a disclosure. Again for better apprecial on at the working results and net worth of business as disclosed in the Annual Accounts a full default 1 picture for the bad and doubtful debts and advances in the accounts needs be disclosed.

The crying need of the hour is the meht to information. Even the history of the country witnessed the fall of Raph Covernment as engineered by the V I's can to the nation for such information even for definice purchases and the adeged scandal attached thereto.

Profusely expanded matrix of information is never ending is the requirements for information are always changing with the passage of time. But this right when established opens the doors of disclosure and the evas of clandestine dealings become threatended. But caution should be taken so that such disclosures are made in simple and standard form so that the same becomes understandable without the help of experts.



The corporate bodies banchon for the social good But under the corporate ven the evil desire of the interested communities is satisfied and to union this understrake aspect the right to intermation is demanded in rather necessary for investors creditors employees to reminent and general public. The published information like Balance Sheet Problem and Loss Account Directors. Reports discussives about conservation of energy technological absorption, foreign exchange earnings and outgo, material changes and commitment affecting the tinancial position have been made compulsorily reflected in the Directors. Report But corporate communication is a accounting to social costs, investments in human resources, impact of inflationary tendencies statement at value added it nancial forecisting and projected income etc. are yet to be made obligators for publication for the information of the public.

It would perhaps not be incongruous to perceive the role of the corporate bod extor uplitting the different social groups with the wide public intormation under the painting premises—the approach paper of the eighth factor plane 1890–180 which the Satisma Development Council approach on 1800–1800 a hieroring social transformation.

It has been noticed that the sources of discontent and unrest are embroued in the issues are unemployment illiteracy, ill health and decline in bying conditions of the poor and vulnerable sections. It is a fact that the organised sector has been unable to generate additional employment commensurating with investment and the problem of unemployment has been further accentuated due to industrial sickness, and capital intensive in fastry making inroads into the hitherto labour intensive areas.

Another notable feature which draws attention is the unacceptable ity of the elitist consumption pattern from the social economic and ecological viewpoints and neglect and degradation of the environment and uncontrolled exploitation of natural resource base.

Such distortions in the development processes were possible perhaps because of public enterprises have failed to use resources efficiently and to generate even a moderate growth rate of public investments and public programmes have failed to plug leakages and wastes.

The needs of ordinary people and the quality of life have been identified for Central focus of planning. Envisaged in the approach paper is a process



of democratic decentralisation where the process of planning and implementation provides greater scope for the society to effectively participate by articulating and pressing for their needs

In the wake of right to work and right to information generation of employment opportunities to put a stop to migration from rural to urban with pattern of investment from high to live capital is a mist

In the matter of social development the approach paper of the eighth plan identified the following angredients which are considered to be pivotal for economic development and social transformation

- () Women and Development—A special rule to women in the scheme of decentral suit area planning and in mid-leads in of-ocal skills and resources has been recognised keeping in view wither's status as producers of goods and survices and as rightful claimants of social security and dignity of work.
- (ii) Vulnerable sections—Scheduled castes Schduled tribes, minority and backward communities deserve attention to achieve the goal of social lastile for providing essential education, health, shild care and social services to social security system.
- technical and vocational training towards. Flucation for 4d in developing infrastructural facilities.
- and Health—Setting broad goals training qualified manpower promoting information extension and communication for a link of health care system with the medical education.
- (v) Food and social security with the abactive of increasing the purchasing power of the poor for procurement of food through public distribution system thereby envisaging consumer as operative movement and improvement of consumer awareness. Universatify of primary education eradication of illiteracy preventive and curative health care be made through decentralisation and community participation.
- (vi) Science and technology—should discriminately be used with greater sensitivity and concern for employment environment equity and control of conspicuous consumption with selective access to foreign



know how but strengthening indigenous capability for research development adoptation and innovation in technology relevant to our needs.

Programmes for science and technology will be built up from the sectoral programmes and the institutional arrangement required for the purpose would vary with each sector while the investment in each sector would be identified and earmarked in value a manner as to promote greater technological sectors.

- (vii. Environment—Public consciousness is gaining ground that development cannot be achieved at the cost of ecological degradation and that regionus scruting of the environmental impact of every development scheme is called for A mechanism need be evolved so that ecological consequences of development schemes become known to the public through an Open Door intermation system. Protection of remaining forests and enhancement of bio-mass resources need be provided.
- (viii, Industry pulses and priorities. The specific issues highlighted for attention as regards the private sector are
 - (a) restraint growth which involves diversion of resources to nonpriority uses.
 - b self-regulation in quality control dissemination of data entercoment of fair trade practices
 - to sick ands which are not wall e be closed down
 - d) foreign capital as a medium for bringing better technology

In the public sector greater efficiency has been urged upon with timely completion of project, preventing overstoffing and improved labour relations based on workers, participation and concern for product vity. Another special feature is evolving an effective system of incentive and disincentive backed by egislative mandate for energy conservation with due regard to ecclegical aspects of energy conservation.

The broad indicative macro targets and major strategic shifts in terms of objectives and instrumentalities of the approach paper have been identified as

- of average 3% annual rate of increase in employment
- the reasonable food security for the poor



- (iii) % a adult steracy rate and elimination of illiteracy by the end of the decade
- to protected source of drinking water health services to the poor in the village

Thus in the perspective of the apporach paper of the VIIIth Plan it becomes imperative for the corporate bodies to inform the public in the matter of development of the women and the vamerable sections of the society along with the neasurement of projects report on I due to in towards readication of infagrace particularly beautiful services haid, science and technology and protection of environment.

It is not mere publication of auctative information to ofter opportunity so as to constitute deceptive appearance. Statutors provisions are to submit true and fair view. Steps in ensure it is to provide for Statutors. A adil But when the existence of the society and its development through which and means are privided. This aspect is to be catered metations of by self-sprovisions—say so in audit which can unearth the untruth unfair and deceptive aspects if any for that purp so openness and more and more disclosures are essential.

As an example it may be stated that Fixed Assets are revalued and the difference between estimated market value and book value known as revaluation reserve cannot be utused for declaration of dividends of ap talisation of reserves for issue of benus shares. Seel on 2.15 of the Companies Act provides for declaration of dividends out of profil arround at after charging depreciation. Now depreciation is chargeable to profits and computed on historical cost but revaluation reserve is unrealised and cannot be utilised for writing off past losses and arrear depreciation.

Thus where fixed assets are not revalued during the year the report should state that. None of the fixed assets are revalued during the year or the company had not revalued its fixed assets during the year.

The anount of increase made on account of revaluation should be discussed in every Balance Sheet for the first five years subsequent to the date of the writing up buch discussive is required to be made under each sub-head of the fixed assets schedule VI part I Revaluation reserve should on the other hand, be separately disclosed under the head. Reserves and Surplus which may be utilised the adjusting additional depreciation.



Needless to state that revaluation is an accounting method for partially combating impact of inflation which enables a company to disclose a more correct picture of its acutal net worth. But accurate accounting steps are ensured with necessary disclosure—a til ASTNOST is accounting for social cause.

Sorter George H and Games Martin S. Objectives of Financial statements supplement to Journal of Accounting Research, 1974. P. 8—observe

Society rooks to corporations for assistance in the efficient allocation of resources and expects the corporations to assume the responsibility of providing information that furthers this goal.

The responsibility of providing information is the openness of the corporate bodies which is duty bound to disclose to the society and Social Audit Social Accounting. Socio economic accounting social responsibility accounting or social reporting are the terms used for verification and authentication of this social performance information.

Parry F.E. A. Dictionary of Banking, Macdonald & Evans, Great Britain p. 300 states that social accounting reports the cost incurred in complying with anti-pollution, safety and health, and other social requirements.

Epstein Flamholtz and McDonough opine "Social accounting is an extension of the traditional concept of accounting and accountablaty to a different domain—social rather than financial performance."

It aims at measuring (either in monetary or non-monetary units adverse and beneficial effects of such activities. The social reporting information is conveyed to social groups both internal and external concerning the impact of a business enterprise and its activities on society.

Narrative disclosure consists of statements, essentially non-quantitative Non-accounting disclosure in footnote consists of quantitative measurement on the social involvement of the corporate body to be included in the flotnote of the financial statement of the Annual Report which may be more useful than the narrative disclosure which is manny covered by the auditors' report and opinion



Company management need complete information about the effects of business operations and policies on society. The need for being informed about the adverse effects, e.g. poisoning of food environmental policies in the Bhopal gas tragedy etc. are more important in view of the fact that the management have to defend themselves in the court of law also.

The external demand for social internation is diverse. Public investors customers. Government bodies public interest groups professional organisations seek social information to judge performance. Ethical investors avoid investment where social injury and environmental dimage is caused Investment dictions warrant information disclosure or openness of social information.



Chapter 9

FINDINGS AND CONCLUSION



Chapter 9

FINDINGS AND CONCLUSION

thince unusity studies will reveal inherent limitations. It is not the mind but the behavioral pattern which provides a door for scientific movement, cide cannot always be measured by Rupee onine only. The findings will lend to a conclusion. The finer sense in man if can be kindled will entit to always with one do away with pound founds and penny time habit so that the basic nature of come added mechanism can be even ad in the personnel who are extracted as the the task of printing the exponenty of the society. A sense of self-appraisal cas a more self-administration can sale the corporate budges sentity of the majory to make the disco-grashing mark between a real and an artificial being very time.

This well supplement and strengthen the Statistics Audit by making a comprehensive approach towards fixing the objectives of corporate bodies though may not be fully quantificate and will also make the corporate social responsiveness more emphatic to as to prove worthy of the role assigned to d

The corporate body which is an artificial juridical person enjoys the rights like natural person and is thus expected to behave like a citizen with desire and zeal to become a good citizen discharging the responsibilities in the same tune it must identify its potentialities, develop it and render service to the society so as to make the society feel its existence in a significant, purposetul and meaningful way it contributes to the national economy and at the same time it must be parsimonious and conservative in protecting and preserving the resources which it is authorised to use For that matter, it would be unwise to reflect its functioning like penny wise and pound foolish manner—since it cannot be a responsiveness to its social responsibilities.

Expectations are many commitments also vary Time horizon expands. Publics matrix—interaction between the different sections of the society deserves attention. This symbolises through periodic reporting. Statutory provisions cannot vouchsafe the aspirations and desire of mankind. Action is merely a fragmented part of the desire—most part of which remain beyond



the sphere of quantitivation some measures to supplicate the statutory requirements are semistances considered necessary. Such health as to prospective is the filter to a state of the Theore in report of our indicated members that a state of the second of the state of the state

While feating with social responses to in business the Sachar Computer base gone mere into conceptual details on than in recommending more specifical, the exact continues resource fed the publishing that social responsibility the members of the continues and the publishing transcription for the with the function report in qualitative terms. Social response billy is not aminor detector to taken but a social of the specific non-actions which resiming deleter curs effects for the society for example at the activity of the company results in environmental poolet on and the company has toled to spend ments which would check that pooletion the iniculation mappy with the world have been spent but his not action to been spent should be reported by the company has specific in machine.

With the a ceptance of the concept it social responsibility the guestion arises regarding the manner of its important tien. The corporate body in the gritten of its social responsibility must not on the shareholders and report both in quantity and moretary terms which is the quartessence. The report must provide for an integral of place of the working of the company in real terms as far as passible for areas for a feeting intermation which an acree as an aid to public point table. There is a course difference in quantitical on and verification of such a crimit on in the report. But there is not dispute about the accepted items in fathers which Directors must be use as an additional not made on every year.

The crying need therefore is to make it bligating on the company ligive a social report evers year showing to what extent it has been possible to meet its social obligations. The major constituents are shareholders creditors workers and the community. Disclosure of information is an essential part of the working of a free and tast economic system. Of course preservation of commercial only tentrality may be a factor But the bias must be I words a sclosure with the binder of power thrown to those who defend secrees.

If the more openness the general suspicion and intent to conceal improper activities will be less thely Social Audit with social report this



demands at the entiret openness in corporate affairs in setting, organic social responsiveness.

Report on said working conditions and agreeable working result in programme a training programme to develop employees talents and their children along with the kirts of the locality reflect the production of unemployment of the corporate boots and its assumess of the production of unemployment overpopulation rural development on formers a protection, conservation of resources central it pollution product on for denking water etc.

Mr. George consider the at thor or Responsible Company sought to be tall the suggestion of a responsible company will the trusteeship of optiad occurred by Caroll —the inner will be soon ensure that private property is used for the common good.

The reports of the Compreller and Austra cameral. Locks in sting to the accounts of the Union should be submitted to the President who shad close them to be add before each House of Parament and in case of a State submitted to the Coverner for Living before the State Legislature (Art. 15). Thus the success and the failure of the public sector are highlighted. The period of the legislature along with the reports of the Public Account Committee. There is a big gap in respect of such public committation regarding what has or has not been as a to discharge the social oblight or situation is course of economic aperators.

Approved is alone are not the measure of jude by the extent of some responsibility because it is possible that socially describble effects may result from socially neutral or even infisocial telessons as aliannel socially responsible decisions may have underturate social consequences. Thus the factor some responsibility or the fact that the existence and continuance of a corporate body within the transessary of the accepted socio-economic orditions has to be explained at the plant of time when do sons are made also Apid that in portant and sign to antitisty social telescope the workers consumers shareh hars and be done by a body representing the workers consumers shareh hars and its management was are the constituents again should represent the fiscip inelificacy prochability and food and Nutrition also.

While quantifying the contribution that the impury chans to bace made towards the social obligation, that also specify that no part of the



benefits have gone either to the Directors or their relatives or to any other association in which the Directors or their relatives have any personal interest. This will serve as a greater assurance to the public that what is claimed to have been spent by the company towards its obligation to the social responsibility has really been done towards social benefit and not for the benefit of those who are in control of management of the affairs of the company since that would tantamount to the self-contempt vis a vis a contempt to the society.

In the event when the corporate citizenship is not excelling towards a good citizen the reasons for such failure need be probed. This calls for information. The measurement and reporting internal and external of information concerning the impact of an entity and its activities, according to Raiph W. Estes, is the social accounting which deserves audit and presupposes a social report which along with the Directors. Report will indicate and quantify in as precise and clear terms as possible the various activities relating to social responsibility carried out by the corporate body during the year under review or report.

It may be gleaned that social audit of social report is to a great extent a measure of self assessment and self retrospection. In the matter of rating the performance it is an acknowledged fact that self assessment is one of the best way of doing it to neutralise the bias. We often hear the Vedas instruct—know thyself i.e. Atminiang Balathi. This is the best way of learning or knowing. Self criticism is the best way of developing oneself.

When the corporate body has been assigned with the task and privilege to use the scarce resource of the country for the common good, any detriment to the common good or the failure to achieve the objective is a contempt to the country or its people for whom the corporate body exists as well as a contempt to the corporate management which is the trustee of the community. Thus the self appraisal, self-criticism and self-contempt when reported publicly will reflect the credibility, confidence and foster veneration for the veracity and justice with equity.

In this connection, it is interesting to note that a question arose whether a judge can fine himself? This would appear to be funny to critics. But there are judge of judges. Conscientious judges would blame themselves if something goes wrong in their court due to their own act or omission to do an act in the discharge of his or their duty. A recent instance is of Judge

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Raiph Kohn of Adram (Michigan, U.S.A.) He came ten minutes late for a case he was hearing. He expressed regret in open court and fined himself. \$ 50. The charge to which he pleaded guarty was contempt of court—his own court.

Such judges should adom the Indian courts. Often there are lapses in court attendance by judges even by hours in the Muffusil. Sticking to court time 10, 30 a.m. to 5,00 p.m. with luncheon interval is very healthy. If judges fine themselves for their lapses in attendance like the Michigan judge, the Finance Minister of the relevant State will appreciate his new form of income to the exchequer. Law's delays will disappear if judges work the whole office time. We have seen an instance of a Magistrate being fined for contempt of court merely because he needlessly delayed a judgement for over eight months.

Likewise, the responsiveness of the corporate body is expected to be reflected in self appraisal by fining itself in case of its failure. If the accountability is tixed the natural persons responsible for moving the artificial person while making self-criticism and appraisal in the form of social report must highlight the failures in performing the assigned task or assignments. Such failures which are contempt to itself and contempt to the country cannot be allowed to go with impunity. As an exemplary measure such persons may consider self-deprivation by disentifiements to a few perquisites which may be considered to be deposited either in the reserve for utilisation of employees welfare education social distress or pollution control or else may be considered for depositing the national exchequer under a particular head of account meant for it for proper accounting through a National Bank as discussed earlier.

To plug the misuse and abuse of public money from Nationalised Bank it was suggested that there should be one Bank

Social report which is considered to be very vital and integral part of the Directors' Report must contain adequate disclosure including the contribution such as percentage of profit towards social responsibility as is provided under section 293 B of the Companies Act 1956, i.e. contribution such amount to the NDF as the Board of Directors think fit' or 10% of net

 ⁽Vide Reuter news flash Judge fines himself from Adrain on March 8 1974 vide Hindu
 9.3.74 p.7—Contempt of Court by V.G. Ramchandran, Eastern Book Co. Lucknow—p. 429)



profit towards general we ture of the numbers of the same locality for the co-operative societies.

SOCIAL REPORT again deserves to be audited by a group of experts before I salisation representing to the pines ake Social as 1850 to 1

The organol end content themsel around 100-bott mg per little in gisoline aggravating the public health can be done as it with by changing the design of autoin in a thereby making a slip to related towards postulation. Lee the rooment and the civilist instrude of by which may progress will out detrument to the interest of the PUBLIC Systems may be devised to arrest the circon and Lead Contents through in built systems & smoke by released in the air.

Map is the natural person representing

M - ent

A = store

N - Needs and Neutrality

drives or is the prime mover of corporate person where

P refession

I flictiveness off eng

R Moralts

was per a salar

O bjectives

N ceds and Neutral

Identify at an acce opment and optimum use of potentialities with due excercive of projections are in the vore of MERITOCRACY can find a confessional value recruitment, placement, development, training, training promotion etc. It such professionals of undertabilities, it can size to be identified by Assets Value or Turnover under any statute are training.



Commission the funding of which may be at those of a State PSC or Staff Selection Board, etc.

The concept of vessing human as resources needs from a Figure resource is treated as A sets. Again every asset is financed by supplies. Intuiting the ritional coment a Assets are not stated in the bitance short. But more treating the ritional coment a Asset's if no irrepress March of the considerable corp. In the final bitance in Business.

The horror for war bring in its fruit be devasting results as imparted by perpetura legacity adverting line posterious of businesses and its environment. The wellpons - modern as neveringly of some as a set of the property of the manifest generations litter generations and against the the civilization. In the large of preservation and protection of civilization architectures soft modern some are affected in the productive system through corporate bodies deliberately knowing the list of such a fix this and the some energy is trim the ar

Most illarming reports about the ecological impact of the Court systems that if the oil wells are tor bed a hage amout from 3 to 13 million barrels of crude would be nevery day. According to Richard Turco of the University of California such burning could release three no on tennes of black smoke into the appear atmosphere shading up to 100 million painte kilometres more than a fifth of the planet's surface. This Court is facilitied of the Carry ago for Neglear Disarmappent, est mater about gration could affect the onset on I character of the mensoons, he warms.

Again Environmentiasts tear that the large cil slick which has a ready moved southwards may head for India once it comes out of the GULF

Assuming Limillion barres of all are burnt dally in an area of about 100 sq. km, the fortion scientists predict the toll as next

- extending to a radius of 500 km.
- (ii) Smoke between the height of 3-12 km will be transported very quickly to the east in January. March because of wind and will cross over north India at a speed of 1% knots (3.0) kmph, and thus dissipating the mass of smoke.



(iii) The oil fire storm producing dust may cut off the sunlight and marginally reduce temperature about 11% says Dr. N. K. Jaswal, Director Institute for System Studies and Analyses. According to Dr. S. K. Sinha. Specialist on global climatic changes at the Indian Agricultural Research Institute—the grain development period will be extended. The crop will take a longer time to ripe.

But the major problem catering to far reaching effect is the oil on the GLLF water. The heavy bombardment creating crisis for drinking water and floating of heavy oil substance on sea water make the sunlight impermeable and affecting the growth of flora and fauna. The fish, the bird, the ecology are affected. Such fish when used as food by human beings contribute illis and curse to mankind. The pride and prestige of rational animal—the Man—lies in its culture. Coleridge's Ancient Manner had a self cursing manner for killing a sea bird. In the heart searching effort there is, of course no repentance by the decision making bodies for creating a havoc in the ecological imbalance. It is perhaps in the self seeking process that an insight may reveal.

Nature meets our needs but not our deeds. Bacteria and virus do not observe the frontiers of affluents. Iraqi blood cannot be converted to oil so as to change the energy based life style of the U.S. A.

Thus Suspended Particulate Matter (SPM) is found to be 3 to 4 times of the internationally specified safe limit of 90 micrograms per cubic meter. The increase in the 50, (sulphur dioxide) by 100% in the atmosphere is aggravating the respirators problems & the exhaust emission of black smoke containing lead is known to have caused blood enzyme changes leading to anemia & neurobehavioral ailments.

The nitrous oxide has increased 10 times in the atmosphere resulting lung disease (362.7 micrograms per cubic centre). Carbon monoxide reduces blood a oxygen carrying capacity (311.4 tons air pollution a day—65%. Carbon, 15.76%. Hydrocarbon, 17.3%. Nitrogen oxide), automobiles & generator operating in the city causes 3°C to 4°C rise in temperature.

Thus in the sphere where the environment is polluted by the activities of any nation country industry or a corporate body there must be an ENVIRONMENT COURT consisting of eminent jurists of national/international fame aided by the economists, sociologists and bio-scientists who should be entrusted with the task of adjudicating upon the extent of damage caused by the wrongdoer and to suggest the degree of punishment



The accountability will be fixed and ways and means will be suggested so that recurrence of such incident is minimised if not removed altogether

Proposal for expansion or establishment of a new undertaking of considerable size by the issue of trush capital or by the installation of new machinery or other equipment or in any other manner be notified to the Centra Covernment in a prescribed form of the intention to make such expansion establishment stitling therein the scheme of finance with regard to the proposed expansion. This has been provided in view of regulating the growth of such undertakings so as to prevent concentration of economic power as enshrined under the provisions of Art. 39 (b), of the Constitution

Again under section 11 of the IDR Act no person or Authority other than the Central Govt latter commencement of the Art shall establish any new industrial undertaking without a lifence from the Central Government. The ocence may contain such conditions including in particular the location and size of the undertaking as the Central Government may deem fit.

There has been a senes of amendments of the statute and change in the Industrial Policy Resolution recently Here the Central Government may make an effort in rehabilitating the sick units. There is no denying the fact that while the infrastructural facilities are to be created for such proposed expansion or establishment of the undertakings the sick units already provide for such intrastructural facilities gainfully utilisation of which may yield or make it viable. This will not only preserve the national resources but also ensure the optimum use of the scarce resources. Thus suitable provision in the application forms or in the statute under section 21 of the MRTP or section all of the IDR Act may be made to ensure that the owners have exhausted such opportunities of examined such possibilities. It is to be borne in mind that sickness of a corporate body is what AIDS to an individual. A percentage on turnover of the certain size identified on the basis of Assets Value or Turnover value be fixed for spending towards the society at large in the specified items which should form a basis of Social Report duly audited by the body of experts specified. The Social Audit Report will form a part of the Annual Report supplementing the Directors. Report in the communication to the common man who invested their savings for a better to-morrow in their common language.

Healthy corporate bodies provide for wealth to the nation and symbolises strength white sickness manifests weaknesses and decadence

The ubiquitous scam is the reflection of corrupt immoral and unethical operations in business causing sickness. In high tech society proved to 'Scampruption —such white collar crime causes ten times more wastage in financial terms than that of blue collar crimes and poses threats to the professionals who have initiated in building think tanks for prescribing their role in the 21st century. The professionals and their mentors responsible for the corporate culture may be identified senation.

1. MANAGEMENT :

- (a) Board of Directors
- (b) Nominee Director another watchdog function has been assigned under Companies Act. The halo effect synchronises Professionalism with pollutants is the stumbling block. Where fair inter personal or intra personal play cannot continue, the obvious result is to follow Keynes, dig here and fill up there, drain public money and pump to fill one's own tank.
- 2. PROFESSIONALS AND FUNCTIONAL HEADS
- 3. Auditors :
 - (a) Statutory Auditors
 - (b) Cost Auditors
 - (c) Special Auditors
- 4 BOARD OF INDUSTRIAL & FINANCIAL RECONSTRUCTION
- 5. Above all the caniner of the Govt.-People's Representatives who head the Govt. To control the professionals

Business environment comprises

- (a) Internal
- (b) External.

Internal environment provides exposure to

- (i) Opportunity (positive +)
- (ii) Threat (negative -).

Business operation planks—viz. Production Quadrant (site and plant/machinery, selection & maintenance, production planning and control, material control, purchases and inventory, quality control, research & development & safety).



Fig -9



Human resource quadrant viz Recruitment & training, manpower planning and Salary & Wages administration, Labour relations and working conditions

Marketing quadrant viz. Demand forcasting product mix and market segmentation distribution & liter sales service advertisement publicity & market stability.

Finance quadrant, viz., Financial planning and budgeting, assets utilisation, working capital management costing & pricing, accounting system and control procedure.

Besides corporate management viz planning organising directing communicating, motivating co-ordinating and controlling functions, serve as a pivol.

These are internal environment which have strength and weaknesses which operate in external environment which has threats & opportunities

Following the TOWS or SWOI model

The optimum situations will a ways be to achieve a combination of strength and opportunity. While combination of one positive with one negative may provide beacon of hope for recovery combination of two negatives warrant hading the coffin. (See Fig. - 9,

Industrial sickness which is defined to the parameter expressed in financial terms requires redefining

Determining the parameters of strength & weakness visits threats & opportunity i.e. positive & negative factors and express them in physical and financial terms and to optimise the combination for better & healthier corporate functioning keep the door for further research work open so that reference to BIFR on the basis of such determined parameter may be reviewed so as to put at end to seek sick game of corporate bodies. This continuous watch-dog function is possible through the network of MIS & introduction and continuation of Social Audit

Business by corporate bodies is not metery a money making phenomenon Rather it is a social sculptor and it is a measurement of social progress. Social Audit, therefore, with enlighten the corporate success and will uphold the corporate dignity by reporting its contribution of taxes to the exchequer and new sociol economic progress in the Annual Report.



APPENDIX



APPENDIX -- 1

Dt

From: Mr. A. K. Chakrabarti

M. A., M Com., LL B., M B. A., F C S

14/3B, Jadunath Ukil Road

Calcutta 700 041

To

Sub . A study on Social Audit of Corporate (Management) Bodies.

Dear Sir.

You will appreciate that in an effort to promote economic growth offering materialistic development eften caters to the satisfaction of wanton desire which is bereft of social consciousness. This has been noticed to become more acute in the organised sector of the economy. It has, therefore, been considered expedient to make a study of social audit of Corporate Bodies under the guidance and supervision of Dr. B. K. Basu, M. Com. Ph. D. (Cal). D. Litt (Cal., FBIM (Lond). FAA (Lond). Professor. Deptt of Commerce. University of Cascutta. A questionnaire has been prepared for the purpose and enclosed which may kindsy be filled in and sent to my address so as to reach me within 15.11.91.

Your co-operation will be accepted in high esteem in the academic interest for making the study a headway for tomorrow's socio-economic development.

Thanking You,

Yours faithfully,

(A. K. Chakrabarti)



QUESTIONNAIRE ON A STUDY OF SOCIAL AUDIT OF CORPORATE (MANAGEMENT) BODIES

INSTRUCTIONS:

A	Please	give	a tick	or	state	as	requested	ın	the 1	Questionnaire
---	--------	------	--------	----	-------	----	-----------	----	-------	---------------

B No compul-	sion for	signing	at the	end
--------------	----------	---------	--------	-----

-			
- 1	You	 . 10 72.	tus
-	14.2		6433

(i) Industrial Person

(n) Corporate Person

 If individual Profession to which belong

(i) Academical

in Corporate Mangement

(iii) Doctor

(iv) Engineer

(v) Legal Profession

3. Academic Discipline

Please state, e.g., Psychology, Sociology, Bio-chemistry Environmentalist, etc.

4 If Corporate person whether

Pvt Ltd

Pub Ltd

Govt Co

None

5 Nature of Product

(i) Consumer

(ii) Fertiliser

(iii) Industrial

(iv) Chemical

(v) Food

(vi) Any other



6 Whether the undertaking is covered under the Industries Development, Regulation Act, 1951?

YES/NO

7 Whether the undertaking is covered under section 20(a) and 20(b) of the Monopoly Restrictive Trade Practice Act. 1969?

YES/NO

- 8. State the total strength. No of Personnell
 - (i) Professional
 - n) Employees
 - (m) Workers
- 9 State (approximately):
- (i) Annual Turnover Rs
- (iii) Profit after Rs Tax
- tuo. Net Worth Rs
- (iv) Interest Rs
- 10. Would it be admissible to indicate corporate success and corporate failure with reason and to suggest the reward and reprimand?

YES, NO

- Annual Management turnover (i) Lack of job satisfaction is due to
- - (n) Right man is not for right place
 - (i.i) Management exploits
 - (IV) Any other
- 12 Does the Management take the help of academics representing Psychology Sociology, Bio-chemistry, Environmentalist for study and report on corporate functioning?

(Name the discipline)

13	making a sick unit viable before considering expans on new ventures of		NES NO lead Hunting
14	protessional skew? (iii	i D	eveloping ster Personnel
	(17]](esta & Selection.
15	What are the monum and maximum remunerations and perks for the professionals.		Perks Rs Maximum Salary Rs Maximum Salary Rs Perks - Rs
16	What difficulties does the Management experience in recruiting professionals?	(11)	
17	What measures does the Management take to uphold the employees morale and professional ethics?	(i s)	No Alcoholism No corrupt practices in obtaining order No bribing in giving order Quality is the objective Any other.
18	of the professionais?	Teri	nsfer mination ciplinary Procedures

(ix) Providing change for

development.

19		(i) Subjective y iii) Objectively (iii) Self assessment (iv) Any other
20	Would it be beneficial if the professionals are recruited centralis and services made transferable?	715 50
21	Does the corporate body manufact any substance connected with pro- of food?	
22	Is there any occasion of passion tood affecting public health?	g of YES NO
21	What precachions visteps taken to verify the limit of releasing such substances connected with food production?	i) Mechanical checking by Experts (ii) Compliance with the specification (iii) Choical checks (iv) Feed back from consuming public for Certification of free from health hazards by experts
24	In your opinion does the underta- utilise any material which is barr the living beings of the society at create imbalance in the ecology.	nhi to
25	Is there any endemic disease who may be menhaned?	ch (Name the disease)
26	The exhausts and etilizents of the undertaking pot ate the environm	YES NO ent 7
27	What are the possible pollutants	Gas an Solid Liquid



28	Does the corporate body provide for pollutants treatment?		YES NO				
29	29 Setting up of environment court may provide immediate relief to the victims and corrective measures to the erring corporate bodies.						
414	Sickness of the undertaking is caused view of creating inflow of public mon- from financial inshiptions		MS NO				
31	A company once sick seldom becomes	normal	YES/NO				
32	Preventive measures of sickness is not	adopted	YES/NO				
33	(c) (iv)	Slatistical Ratio Ana M. D. A. Quantitati Any other	lysis ve Models				
34	Does the Nominee Director help in formulating the policies getting funds marketing?		YES/NO				
35	Do you think that financial progress of the company azone justifies the existen-		YES NO				
36	Statutory Audit measures financial prog- Social Audit measures non-financial pro-	gress gress	YES/NO YES/NO				
37	Does the corporate body adopt Social all If yes. 1) how it is reported to the social	nety ?	YES/NO				
	id Arm full Soci	vspaper mal Account al Report ectors Repo					
(u		vame the ite					

38 How the Management discharge social responsibilities? (i) Development of infrastructures of the locality

 (ii) Development of parks, schools roads, hospitals, cultural functions & participation.

(m) Any other.

39 Is the Management aware of Social Audit 3 YES NO

40 If yes, who performs this aspect?

(Name the authority)

41 Does the Management feel that this be YES/NO reflected in the Directors' Report?

42 If yes what stems should be included in the Agenda? (Name the stems) 11

(11)

(111)

43 If the corporate body covers the Social Audit, please tick the functions

(i) Food Production

(ii) Industrial Sickness

(iii) Professional's Recruitment

(iv) Influencing in getting order

(v) Pollution control

(v) Management Performance Audit

(vii) Pontical Support

(viii) Donation etc

(ix) Any other

44 Social Audit is a must since it

(i) Supplements the Statutory Audit

(iii) Forms part of Statutory Audit

(iii) Forms part of Directors Report



Professor Dr. 8 K. Basu
M Com Ph D D Litt
FBIM (Lond) FFA (Lond)
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Dean, Faculty of Commerce
Social Welfare & Business
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Calcutta 700 073, India



Rest & Address for Correspondence 111 Babupara Raad Bhatpara 743 123 West Bengal India Phone Bhatpara 3042 (STD Code 03 at 4)

Ref.

Date: 24 02 1992

Certified that SRI ARON KIRAN CHARRABARTI and completed under me his research work titled. Social And of Corporate Body, for his Pa D degree of the University of Carculta-He fulfilled all the requirements that are provided in Ph D resumbings. Moreover different suggestions given by different experts and laculty members at the time of his seminar have been incorporated in his write up. His work is satisfactory. The thesis is ready for submission.

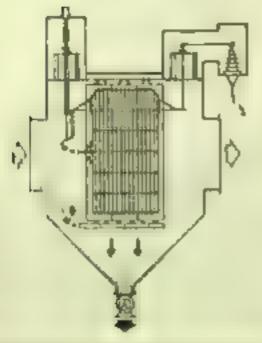
I wish Sri Chakraborty all success in life material and spiritual

Prof. Dr. B. K. Basu



APPENDIX -- II

Working Principle of Electrostatic Precipitators

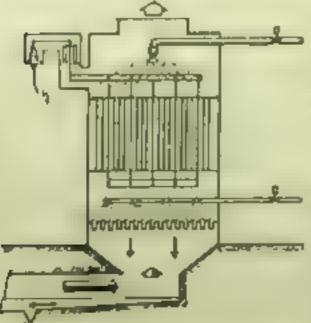


Eunctional d agram. Dry electricitatic precipitation

DRY ELECTROSTATIC PRECIPITATORS

The dust-bearing gas passes via a gas-distributor into the electric a total tormed by the application of a high D. C. voltage between the discharge electrodes and he collecting electrodes in the electrical field the dust is negatively innised and migrates to the positive earthed collecting electrodes under the influence of the coulomb forces.

A Small quantity of dust becomes positively charged by the retonal discharge and migrates is the discharge can trode. The co-lecting electrode system, are both cleared of occumulated dust by periodic knocking. The agglementations of dust in the form of large thaces or feet in the base of the precipitator and are discharged continuously.



Functional diagram. Wet electrostatic precipitator

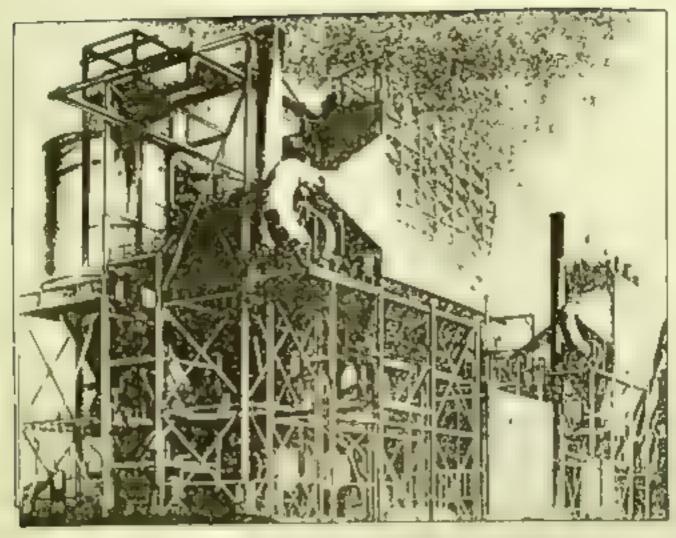
WET ELECTROSTATIC PRECIPITATORS

As in the dry electrostatic precipitator, the cride gas enters the electrical field via a gas distributor. In this case, the distributor in this case, the distributor gas to be purified is freated by a water spray to saturate I with water vapour before it enters the electrical field.

The dust particles and water displets are precipitated together. The field is cleaned by flushing for short periods at intervals, with the high voltage switched off Operational phases when no dust is arising can conseniently be used for the flushing periods it dust arises continuously it is necessary to connect the fields in series.

The dust flows away in the form of muddy water and it can be ted to a thickener





that removal by electroctain precipitator from grinding plant for mad and oppor slug

APPLICATIONS

Objections with electric furnaces and Sumens Martin furnaces, for collection of cement dust or man dust from rotary furnaces and cement King I me and fired clay including dust from gypsum calling plants and can be used as hot gas (liters for rotating furnaces. The same can also be used for dust removal from metal smelting plants slag grinding plants and slugged for dust removal from metal smelting plants slag grinding plants and slugged from the aluminous industry at phosphate grinding plants bearing earths with hard coal fired brown coal fired and black coal fired boilets with refuse incineration coal and clark grinding plants with brown coal drivers

The wet electrostatic precipitators may be used in a area of no unit. Particular's good results are obtained in dust removal to mile id and hot flame meachines on cupeta formaces, and electric furnaces, also as desarring and delouing precipitators.



APPENDIX - III (REF. · CHAPTER - 6)

Pro Forma for Submitting Information for Obtaining NOC from Pollution Angle

(to be submitted in Triplicate)

_	_	-	_	_		-
G	100	Ph. I	-		76.	
 	_	1.34		ю.	~	
-	-		8.0	-		-

- 1.1 Name of the industry
- 1.2 Address for correspondence
- 13 Name and address of applicant for industrial Scince
- 1.4 Name and address of consultant appointed it any
- 1.5 Name designation and address of official authorised to deal with this questionnaire
- 1.6 Date on which letter of intent was issued

2 PROCESS DETAILS

- 2.1 Production schedule
- 2.1.1 List of main products proposed to be produced with designed daily production capacity.
- 2.1.2 List of by products produced with designed data production capacity.
- 2.1.3 Time phasing for achieving full product on capacity
- 2.2 Raw Materials Consumption.
- 2.2.1 List of all raw materials with daily consumption at fish production capacity.
- 2.2.2 List of all processing chemical materials raw materials consumed with approximate quantities
- 2.2.3 Is any recycled material from the waste of your industry on any other industry used in the process. If so please specify quantities and source.



- 2.2.4 Is any material salvaged from your waste stream reaseable economically for any other purpose 3 If so, please specify details of quantities and probable use
- 23 Manufacturing Process
- 2.3.1 Source of process know-how in house/National Laboratory, Foreign/Other (specify)
- 2.3.2 Have you considered less polluting process alternatives? If yes, the reasons for adopting the present process.
- 233 Give a brief description of the process technology utilised with a flow chart
- 2.3.4 Have you any toreign collaboration? If so, know-how and equipment for pollution control available to you under the terms of collaboration.
- 24 Energy Consumption
- 2.4.1 Source of energy
 - (a) In plant generation
 - (b) Public supply
- 2.4.2 If energy is generated in plant, type and quantity of fuel daily consumed

Fuel	Coas	Fuel	Diesel	Natural gas	Wood	Other specify
Darly	consumpts	on in ton	nes			
Caloni	he value				٠	

Ash content %

Sulphur content %

Other specify

0

3 LOCATION

- 3.1 Where is the piant proposed to be located Affach Map.
- 3.1.1 Flevation above mean sea level
- 3.2 Area of Land proposed to be acquired
- 321 Area proposed to be developed
- 33 Present use of the Land Agrica fare Forest Grazing Settlement/Fallow and Population
- 3.4 Indicate the nature of topography near the site—plain values hilly
- 3.4.1. Specify Incation—Cuastal Estuary River Landsocked
- 3.5 Indicate the climatic conditions at the location * (e.g. And, Semi-And)
- 351 Rainfall yearly average range
- 3.5.2 Temperature yearsv average range
- 3.5.3 Information on speed and direction of wind
- 3.6 Is the land situated within Municipal or Corporation jurisdiction.
 If so, please specify
- 3.7 Is the land situated in an approved industrial zone or estate.³
 If so, please specify
- 3.8 What of the following features exist within 20 kms of the site?
 - (i) Agricultural land, specify crops
 - (n) Grazing crops
 - (m) Eisheries
 - (iv) Forest Sanctuary Natural Park Bumphere reserves
 - (v) Nullahs Streams, Rivers
 - (vt) Ponds/Lakes/Dams
 - (vii) Estuary/Sea
 - (vai) Hills Mountains
 - (ix) Monuments
 - (x) Settlements and pepulation
 - (xi) List of industries

- 4 TOWNSHIP
- 4.1 Do you propose to build a township/housing quarters for your employees?
- 411 Area allocated for above
- 4.1.2 Population to be accommodated
- 4.1.3 Distance from township to plant site
- 4 1 4 Services provided in township
 - (i) Water supply daily consumption
 - (a) Sewer system
 - (ut) Sewage treatment

5 WATER REQUIREMENTS

- 511 Source of water-Public supply Ground River/Lake/Bay Estuary
- 512 Is any pretreatment necessary for use? If yes, please specify
- 51.3 Average daily quantities consumed for

Average daily consumption

- (i) Process and wash
- (ii) Cooling
- (m) Sanitary
- (iv) Total
- 5.14 Are adequate quantities available
 - (i) At present
 - (ii) For future expansion

6 WASTE WATER DISCHARGES

- 6.1 Total quantity of waste water discharges from the industry perday
- 611 Waste water discharges per day from
 - (i) Process and wash
 - (ii) Cooling
 - (iii) Sanitary
 - (iv) Total

- 6.12 How do you propose to discharge the waste water?
- 6.1.3 Type of treatment proposed to be adopted Give details and flow chart
- 6.1.4 What standards for quality of treated effluent have you proposed to adopt to it (e.g. ISI State/Central Water Pollution Board, Local Authority or other conformity with S.C.
- 6.1.5 Mode of final discharge—open channel pipeline/covered drains! others
- 6.1.6 Points of final discharge—Land, Agricultural land, Sewer/River/ Lake/Bay/Estuary/Sea
- 617 What methods you propose to adopt for handling and disposaof sludge from treatment plants?
- Indicate available information on waste water characteristics as below to

(a)	Physical	(b)	Chemical
	Temperature		Ac dity
	pH		Total and pH
	Colour		Alkalimity
	Turbidity		Total and pH
	Odour		Hardness total

Total solids a D D $C \cap D$

Total suspended sol ds Oil and Grease

Total Volatile solids

Phosphates, total Chlorides

> Sulphates Sodium Potassium Calcium Magnesium

Total N

619 What other specified toxic substance is discharged? Please specify nature and concentration (Inorganics organics including pesticides and organo-chaorine compounds phenols lignin mercaptans heavy metals and radioactive substances)

7 SOLID WASTES PROCESS TREATMENT PLANTS

- 7.1 Total quantity of solids wastes in tonne per day
- 7.2 Nature of waste Lumes/ Granules/Dust/Sturry/Sludge
- 7.3 Approximate composition (e.g., organics, glass, metal, etc.)
- 74 Method proposed for disposal including Treatment Plant sludge Pease give details

Landfill/Dumping/ Composition/ Incineration/Solid

- 75 Have you considered the possibility of recovery and reutilisation of any portion of the solid wastes?

 If yes, give details
- 7.6 Have you any problem regarding collection, handling and transport of solid waste? If yes, specify

YES/NO

77 Are there any problem of subsequent por ution of air water or soil likely at the place of disposal of solid wastes? If yes, please explain indicating the methods proposed for prevention of such pollution.

8 ATMOSPHERIC EMISSIONS

8.1 Emission from fuel burning
Expected quantity of stack emission
Temperature of emission, Composition
of emission



- (a) Particulates
- (b) Gases
 - (i) Sulphur dioxide
 - (ii) Nitrogen oxides
 - (m) Hydrocarbons

Carbon monoxide Moisture Other specify

- 8 2 Emission from process Expected emissions Quality
 - (a) Temperature
 - (b) Particulates
 - (c) Gaves
 - (i) Sulphur dioxide
 - (iii) Nitrogen oxide
 - (iii) Carbon monoxide
 - (iv) Ammonia
 - (v) Acid mists
 - (vi) Halogens
 - (vn) Hydrocarbons
 - (viii) Mercaptans
 - (ix) Other specify
- 83 Height of stack (s) for atmospheric emission
- 8.4 Proposed air pollution control system
 Give detailed specifications
 (e.g. Collectors, precipitators, scrubbers)
- 85 Proposed method of handling and disposal of waste trapped by pollution arresting equipment
- 86 Are any standards of emission prescribed for or adopted by your industry? If yes, please specify

OTHER SOURCES OF POLLUTION

- 9.1 Is your industry likely to cause noise podution? If yes, what noise abatement programme have you planned?
- 92 Is there any odour problem likely to occur from your industry? If yes, what measures are proposed to be taken?
- 9 3 Is there any thermal poliution of surface water I kely to occur from your industrial discharge? If yes, what measures are proposed to be taken? R/A

10 POLLUTION CONTROL MANAGEMENT

- 10.1 Give details of the organ set up for control propose to have
- 1.1.2 What is the level of expertise of the person responsible for pollution control?
- 10.3 Do you propose to monitor the pollution from your industry. If yes give details.

YES/NO

- 114 What Laborators facilities you propose to have for the above?
- 10.5 Give details of operation and maintenance of facilities you propose to have pollution control equipment treatment plants

11 COST OF POLLUTION CONTROL

1) I lotal expenditure proposed for Amounts polition menitoring and control

Percentage total capital investments/ Recurring expenditure of the industry

Capital -

Recurring



12 Any other additional information about beneficial or adverse environmental impacts from your industry

Place: Signature:

Date : Name :

Designation:

Address:

Note. To be typed neatly or use Capital letters.



APPENDIX - IV

Total Revenue

					(Rs. in crores)
	RBF	Revenue	Reausation	locrease	Percentage
Indirect Taxes	1969 40	1988-89	1989 90		
L ustoms	17.8% 99	15 755 30	17 887 47	2 132 38	13.53
Excise	22.00, "6	15 735 81	22 174 86	3 436 05	18 34
			-		
Total	19.8 TR 75	34 403 90	40 062 33	5 568 43	16.14
Direct Taxes					
CT & IT	9.755.00	8 644 72	9 547 24	902.52	10 44
	**		ы.		
Grand Total	49 6 13 75	43 178 62	49.609.57	6 470 95	15.60

Direct Taxes

The collection up to March 1990 was Rs. 9,547.24 (Provisional) as against Rs. 8,644.72 crores up to March 1989, thus registering an increase of Rs. 902.52 crores.

Total Central Revenue

Although the total Central revenue collection of Rs. 49.609 57 crores during 1989-90 marginally falls short of Revised Budget Estimate of Rs. 49.633 75 crores by (-) 0.05 percent this gap is likely to be more than made good on receipt of the final figures. The total collection is (+) 19.00 per cent more than corresponding figures of Rs. 43.138.62 crores achieved during 1988-89

Source Covt of India, Ministry of Finance (Deptt of Revenue) Revenue Collection Report, 1988-89



APPENDIX - IVA

Direct Taxes (Corporation Tax and Income Tax only)

Rs in crores								
Personal Income Tax				Corporation Tax (Non e I				
1988-89	1989-90	% Increase %	of RBE	1948-89	0/,	1989 90	91	Total In
			5000					Secretain
103.13	136.06	31 93		17.32		12.63		27.08
192 91	275 34	42.73		20.01		63.13		215.49
323 07	500, 84	55.34		HC 52		305 38		N H7
518.40	730 39	40.57		100, 18		177 90		40.78
705.41	1,111 22	57.53		462.15	45 40	263.71		42.94
1 269 10	1.727.19	35 55		1.0% 63	127.97	927.33	98.00	11.26
1,537.74	2,042.59	32 83		1,164 02		1,100 69		5.42
1 728 25	2 299 84	33.52		1 229 27		1 29.06	9.35	8.11
2,357.01	3 030 62	28 58		2 117 86	190.58	2.06079	127.00	2.69
2,776.71	3 320 94	21.40		2.265.84		2.311.76		2.91
2 944 30	5 337 Ha	20.16		2.309.57		2.514.41	ph W	8.89
4.238.16	4 943 42	16.64	98.87	3 Sept. 98	211.73	4,564	200 K	1 pg E1

Source Govt of India, Ministry of Finance Deptt of Revenue Revenue Collection Report 1988-89



APPENDIX - IVB

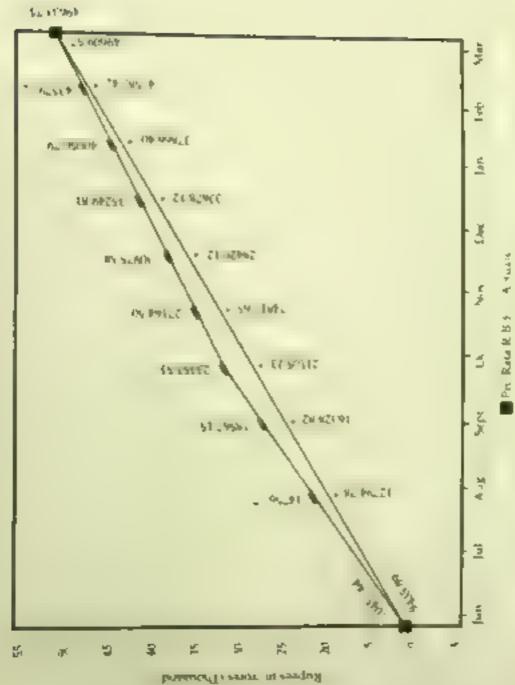
Total Collection of Direct Taxes (I. T. & C. T)

			Rs in crores
1988 89	1989 90	% Increase	% of RBI 9759
120 45	148 69	23.45	1.65
212.92	135.47	SR 97	3.76
401.59	606 2n	50.22	6.74
818 79	906 (9	10.92	10.09
1.482.96	1 374 93	16.23	15 28
2,492.90	2,752,42	10.41	30.56
284903	3 238 48	13.83	35.98
3 100 29	3 5 3 2 9 5	13.92	39.24
4.808 72	5 322 46	10 68	59 14
5 376 40	59,375	9 99	65.71
5 587 32	6 294 70	12.75	20 QD
8 644 72	9.547.24	10.44	97.87

Source Covt of india. Ministry of Emance (Depit of Revenue) Revenue Collection Report

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Central Revenues (Comulative) for 1989-90 Pro Rata R.B.E. & Actuals

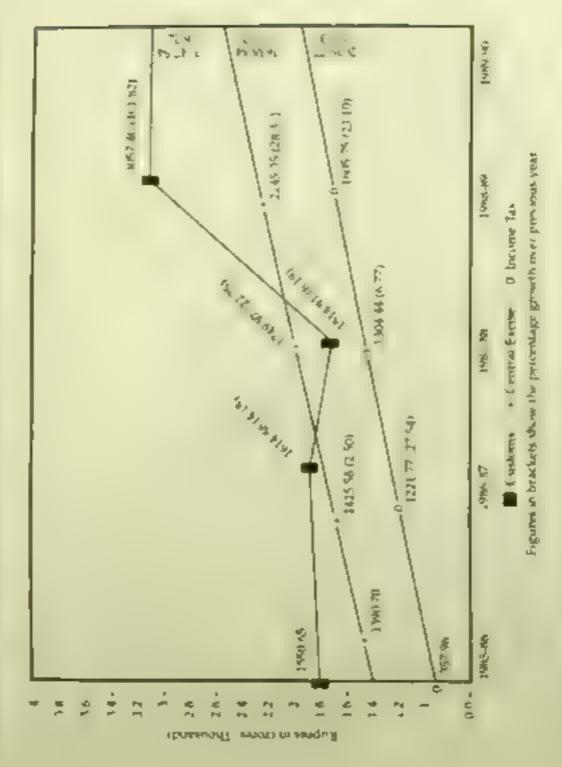


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APPENDIX — IVD

Customs, Central Excise & Income Jax Revenue Relisation for March



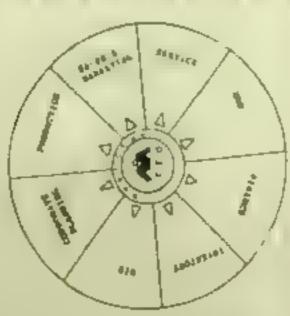
Source Cove of India Manstry of Finance (Depth of Revenue) Revenue Collection Report

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APPENDIX - V

Breaking the Barriers of Bureaucracy

The Floriner Shape



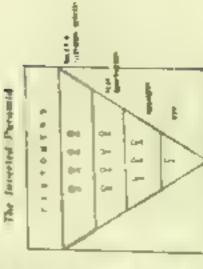
The age old hierarchical pyramid in many companies is giving way to more dynamic whitefures As organization aim to become more competitive a flatter structure is more conductive to being coper to the market.

The customer is at the apex and everybody even the CECE is ultimately responsible to from bless the quality is the customer satisfaction and that is the goal

In the Hower structure each peta is the tunctum it delinks beneatcher from designation has no relation to burrarchy A hierarchy to a nourscary evil breaute you have to define roles. But

The Corporate Budy forms what is known as a matter organisation—one dist is cultang through that to make the expansation base two is what examts. Wit management suchable to short letin project and bypasses traditional bureautists, projectures and empowerment is the landamental philosophy behind fees invesas has included allogether

consistency and control. The new production is that the people have the capacity to buniony beer Co in Japen has amonds type. A budy that constant's turns steeld bureaucrate, pyramid shape is out. Traditional ned tape can prove to be a burden in an endless cycle of creation and distructives. Earlier managers tell need for being change, haide out not outside on the it ng is clear that compartments and on the bottom line



Source. Et Esquire. The Fermottic Times Can utta- Sara Adhinar or him companies are cleanying the shape of their hierarchies in order to stay ahead 10th August 1991, page 11



APPENDIX - VI

THE TATA IRON AND STEEL COMPANY LIMITED EIGHTIETH ANNUAL REPORT 1986-87

Annexures to Directors' Reports giving Particulars of Employees pursuant to section 217(2A) of the Companies Act, 1956

			Pg. Nos.
Annexure - A		The Tata Iron & Steel Co. Ltd.	1-38
Annexure - 8	:	Tata Refractories Ltd.	39
Annexure - C	:	The Tata Pigments Ltd.	39
Annexure - D	1	Special Steels Ltd.	40-45

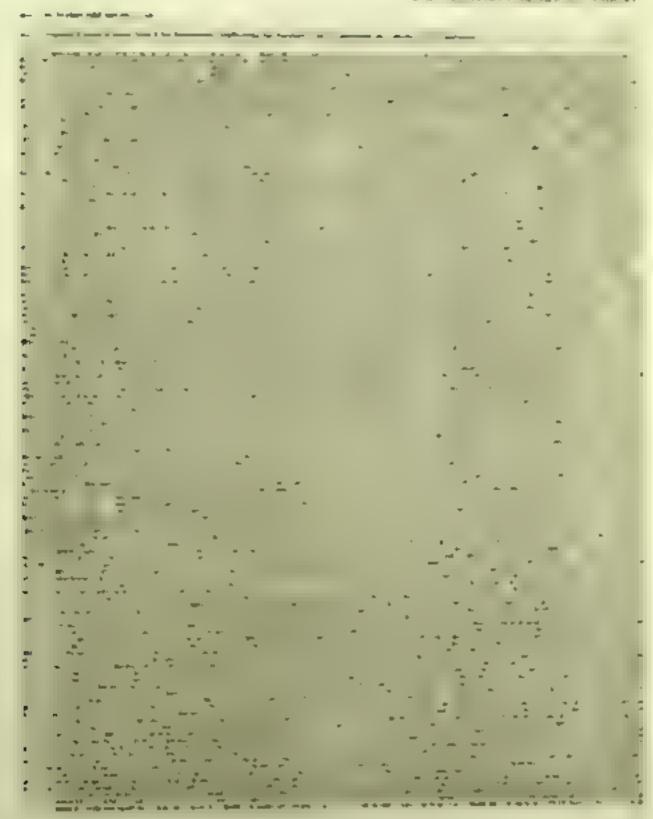


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BIBLIOGRAPHY

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SYNOPSIS OF THE APPRAISAL BY PAUL GARNER, THE FOREIGN EXAMINER, THE DEAN EMERITUS OF THE UNIVERSITY OF ALABAMA, OF THE THESIS:

The author of the thesis has done an excellent job of summarizing the merits of having social audit inaugurated on the part of public companies. He is a talented writer with extremely sharp skills and knowledge of the scientific aspects of the social degradation of the environment and the human condition due to the production and use of daily products and services. His description is vivid and persuasive and I am confident that he would have satisfied Professor Howard R. Bowen, the originator of the concept of 'Social Audit', through this well written thesis as a praiseworthy successor.

The author of the thesis builds up his case for social audits in many imaginative ways in the several chapters. They impressively build on each other all the way to the conclusions. This is one of the attractive aspects of the manuscript.

This thesis for the doctorate is one of the finest that I have had the privilege of appraising from the University of Calcutta and I appreciate the author and his senior advisor, Professor Dr. Basu, for the handling of the subject so excellently.

In conclusion, I am convinced that this thesis has much merit and has also a great deal of originality. I hope that it will be widely distributed in a published form.

20-05-05